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# The DCI Historical Series

## *CIA Support Functions:*

*Organization and Accomplishments  
of the DDA--DDS Group, 1953-1956  
Volume I (Chapters I and II)*

**Secret**

HS-3, vol. I  
July 1960

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## WARNING

This document contains information affecting the national defense of the United States, within the meaning of Title 18, sections 793 and 794, of the US Code, as amended. Its transmission or revelation of its contents to or receipt by an unauthorized person is prohibited by law.

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22 June 1970

MEMORANDUM FOR: Historical Officers and Writers  
in the CIA Historical Program

FROM : Chief, CIA Historical Staff  
SUBJECT : Chronology 1946-65

1. The CIA Historical Staff has recently compiled and published for your use the attached Chronology 1946-65, Volumes I and II.

2. You will note that events of historical interest have been tabulated in four parallel columns in chronological order--one column each for international, national, community, and CIA events. The page is designed to facilitate the identification of related incidents.

3. The Chronology is not, of course, intended to take the place of basic documents that would normally be researched and exploited by the historical writer. It should, however, be useful in providing the writer with a quick, general survey of the events of broad interest that occurred during a given time period.

4. This Chronology is a first edition based on data currently available to the CIA Historical Staff. Readers having information that would assist the Staff in refining or correcting entries in this edition are invited to communicate with the CIA Historical Staff, 203 Key Bldg., x2621.

5. I trust you will find this tool useful in your historical research and writing, and I welcome your comments and suggestions.

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Chief, CIA Historical Staff

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# CIA Historical Staff

*Chronology 1946-65*

*Volume I 1946-55*

**Secret**  
June 1970

Copy No 6

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## CHRONOLOGY 1946-65

VOLUME I 1946-55

June 1970

HISTORICAL STAFF  
CENTRAL INTELLIGENCE AGENCY

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~~SECRET~~Foreword

This chronology provides the Agency historian with a brief, factual introduction to the main currents of the two turbulent decades of world affairs after World War II, when the United States emerged as leader of the Free World and when the Central Intelligence Agency evolved as a significant instrument of US national security policy in the cold war. The chronology reflects CIA's development and progress not only as a central agency for the analysis of intelligence information and the preparation of strategic intelligence estimates but also as an active, operational member of the US and Allied security system.

The chronology consists of four parallel columns: column 1 cites occurrences of world-wide significance; column 2, events of national interest; column 3, developments in the US intelligence and national security communities; and column 4, milestones in the evolution of the Agency. Included are public events of major political, diplomatic, military, and technological significance, as well as selected intra-Agency activities.

In format and detail the chronology is necessarily selective and terse. The historian will, of course, wish to exploit the many specialized chronologies in his field--both classified and unclassified. In addition, he will also find useful the historical compilations prepared by the Library of Congress for the Committee on Foreign Relations of the United States Senate such as Background Information Relating to Southeast Asia and Vietnam, 5th rev ed (91st Congress, 1st Session, 1969) and A Select Chronology and Background Documents Relating to the Middle East, 1st rev ed (91st Congress, 1st Session, 1969). The numerous entries in the Annual Index of the New York Times provide details on the day-to-day progress of public affairs; Neville Williams' Chronology of the Modern World, 1st American ed, New York, David McKay, 1967, is an important British compilation; Andre Fontaine's two chronologies in his History of the Cold War, New York, Pantheon, 1965, illuminate events from the French point of view; and the latter part of William L. Langer's An Encyclopedia of World History, 4th ed, Boston, Houghton Mifflin, 1968, furnishes a chronological survey of the postwar period in its broadest historical perspective.

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Jan-Feb 46

Global

United States

JAN. United Nations Organization convenes in initial meetings in London;

10 Jan. General Assembly;  
 17 Jan. Security Council;  
 1 Feb. Trygve Lie (Norway) elected Secretary General;  
 25 Mar. Military Staff Committee meets first time.

6 JAN. Turkey's Premier denounces Soviet territorial claim to Kars and Ardahan provinces.

19 JAN. Iran asks UN to investigate Soviet interference;  
 19 Mar. dispute tabled at Security Council;  
 25 Mar. Soviet troops start to leave Iran;  
 26 Mar. UN hearings open.

24 JAN. US Signal Corps radar contact with moon announced.

4 FEB. Romanian government (Groza) recognized by US;  
 18 Apr. Yugoslav government (Tito) recognized.

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~~SECRET~~Jan-Feb 46Intelligence CommunityCentral Intelligence Agency

22 JAN. National intelligence organization established by Pres. Truman:

National Intelligence Authority (NIA) as policy and coordinating body,

Intelligence Advisory Board (IAB) as community committee,

Central Intelligence Group (CIG) as operating agency,

Director of Central Intelligence (DCI) to serve in all three bodies.

4 FEB. IAB convenes for first time, with DCI, State, War, Navy, and Army Air Forces reps.; J.S. Lay, Jr., Sec'y.

5 FEB. NIA convenes for first time with Secretaries James F. Byrnes (State), Robert P. Patterson (War), James Forrestal (Navy), Adm. William D. Leahy (Pres. Truman's representative), and DCI Souers;

8 Feb. first NIA Directives (Nos. 1 and 2) prescribe DCI and CIG missions and functions.

18 Feb. J.S. Lay, Jr., appointed NIA Secretary.

23 JAN. Rear Adm. Sidney W. Souers, USNR (Deputy Chief of Naval Intelligence), appointed first DCI by Pres. Truman.

6 FEB. Central Reports Staff (CRS) activated in CIG with Ludwell L. Montague (from State) Acting Chief.

8 FEB. Central Planning Staff (CPS) established in CIG;

18 Feb. [redacted] 25X1A

[redacted] (Navy) named Acting Chief; 25X1A

25 Jun. Capt. C.E. Olsen (Navy) appointed Acting Chief.

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Feb-Mar 46

Global

United States

12 FEB. In Argentina's election campaign, US issues "Blue Book" on Nazi wartime influence in Argentina and Latin America;

22 Feb. Peron counters with "Blue and White Book," charging US Embassy with espionage;

28 Mar. Peron elected President.

15 FEB. Canada seizes 22 as Soviet spies, Royal Investigating Commission announced;

4 Mar. Interim report.

14 FEB. Lt. Gen. Walter B. Smith succeeds W. Averell Harriman as Ambassador to USSR;

26 Apr. Embassy's Minister Counsellor George F. Kennan reassigned to Washington.

5 MAR. Churchill warns of Soviet "iron curtain," suggests US-British "fraternal association" in speech at Fulton, Mo.

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Feb-Mar 46Intelligence CommunityCentral Intelligence Agency

20 FEB. State-War-Navy Coordinating Committee (SWNCC) reconvenes with new Navy member (John C. Geilfuss);

Apr. new State member and chairman (Maj. Gen. John D. Hilldring);

Jul. new War member (Dean Rusk).

14 MAR. Survey report on OSS and Strategic Services Unit (SSU) completed by IAB subcommittee;

2 Apr. NIA orders SSU liquidated by CIG by 1 Jul 47; CIG authorized to absorb OSS/SSU assets as appropriate;

4 Apr. Col. William W. Quinn succeeds Brig. Gen. John A. Magruder as SSU Director.

26 MAR. FBI (J. Edgar Hoover, Director) added to IAB membership.

14 FEB. first Daily Summary disseminated;

7 Jun. first Weekly Summary;

10 Jun. Weekly Summary approved by IAB and placed under IAB's "common observation" and advice.

18 FEB. [REDACTED] named CIG's first administrative officer (acting);

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25X1A

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~~SECRET~~Apr-Jun 46

Global

United States

5-9 APR. US naval force visits  
Istanbul and Dardanelles.

25 APR. Big Four Council of  
Foreign Ministers (CFM) recon-  
venes in Paris to discuss  
peace treaties, upcoming peace  
conference, status of Germany;  
meetings continue to 15  
May, reconvene 15 Jun to 12  
Jul.  
Present: Byrnes, Bevin,  
Molotov, Bidault.

2 MAY. 11-nation Internation-  
al Military Tribunal convenes  
in Tokyo;  
27 indicted as war crimi-  
nals.

31 MAY. Pearl Harbor hearings  
concluded by Congressional  
Joint Committee;  
20 Jul. majority and minor-  
ity reports released.

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Apr-Jun 46

Intelligence Community

Central Intelligence Agency

APR. State's intelligence group (inherited from OSS/R&A) reorganized after budget cuts by Budget Bureau and House Appropriations Committee;

9 Apr. research decentralized to geographical divisions;

23 Apr. Alfred McCormack (Special Assistant for Research and Intelligence) resigns;

9 May. William L. Langer succeeds McCormack, joins IAB.

MAY. Transfer of FBIS assets from War to State proposed by Gen. Vandenberg;

29 Jun. transferred by NIA to CIG and assigned to Office of Collection;

17 Oct. moved to Office of Operations.

9 MAY. IAB agrees on USSR as priority intelligence objective in CIG 8 and 8/1;

19 Jul. CIG's first estimate of Soviet capabilities and intentions world-wide requested by President Truman;

23 Jul. estimate delivered.

JUN. At War Department, Maj. Gen. Stephen J. Chamberlin succeeds Vandenberg as Director of Intelligence;

10 Jun. joins IAB.

9 MAY. Lt. Col. Claude D. Barton named first Security Officer of CIG;

7 JUN. CIG's first consultants are announced:

[REDACTED] (from State Department and National War College) on USSR;

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25X1A

Jun-Jul 46

Global

United States

30 JUN. US national security and international expenditures in FY 46 reduced to \$46.2 billion from \$84.5 billion in FY 45.

Military strength reduced to 3 million officers and enlisted men, from 12 million in FY 45.

1 JUL. US tests atomic weapons at Bikini;

1 Aug. Atomic Energy Commission established along with Congressional Joint Committee on Atomic Energy;

28 Oct. David E. Lilienthal appointed AEC chairman;

12 Dec. science advisory committee established.

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Intelligence Community

Jun-Jul 46

Central Intelligence Agency

MID-JUN. Communications intelligence activities reorganized: CIG and Army Air Forces added to community board (State-Army-Navy Communications Board --STANCIB), renamed US Communications Intelligence Board (USCIB).

7 JUN. Lt. Gen. Hoyt S. Vandenberg (Assistant Chief of Intelligence, War Department General Staff) appointed DCI, replacing Souers; sworn in, 10 Jun.

17 JUN. OSS/SSU assets reorganized in CIG;

SI and X-2 branches merged into a new Foreign Security Reports Office (FSRO) headed by [REDACTED];

25X1A

11 Jul. Office of Special Operations (OSO) established under CIG Assistant Director Donald H. Galloway;

25X1A

26 JUN. DCI's office reorganized: Col. [REDACTED] named Executive to DCI;

25X1A

23 Jul. Executive Staff established under Col. J.A. [REDACTED], Assistant Executive Director, with Executives for Control, Operations, Advisory Council, and Personnel Administration;

25X1A

26 Aug. Organization Branch added.

17 JUL. NIA convenes in first meeting with DCI Vandenberg; 26 Jul. NIA establishes Interdepartmental Committee on Acquisition of Foreign Publications, with Librarian of Congress as chairman, and secretariat in State.

19 JUL. Offices of Collection and Dissemination established in CIG;

10 Sep. combined into a single OCD.

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Jul-Aug 46

Global

United States

29 JUL. Peace Conference convenes in Paris (29 Jul-15 Oct) with 21 nations represented; Oct. treaties concluded with Italy, Romania, Bulgaria, Hungary, and Finland; 4 Nov. 4-power Council of Foreign Ministers reconvenes for final amendments.

8 AUG. USSR renews demand for joint control of Dardanelles with Turkey (revision of Montreux Convention); 21-22 Aug. rejected by US and Turkey.

2 AUG. Senate votes US adherence to reorganized World Court (I.C.J.) except on "domestic" matters.

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Jul-Aug 46

Intelligence Community

Central Intelligence Agency

20 JUL. CIG coordination staff further reorganized;

CPS replaced by Interdepartmental Coordinating and Planning Staff (ICAPS); CPS personnel re-assigned to OSO and ICAPS;

Donald D. Edgar named acting chief of ICAPS, 23 Jul.

22 JUL. Central Reports Staff reorganized as Office of Research and Evaluation (ORE) with Montague acting head;

10 Sep. Montague replaced by J. Klahr Huddle (from State);

27 Oct. ORE renamed Office of Reports and Estimates.

23 JUL. CIG Advisory Council established for communications intelligence;

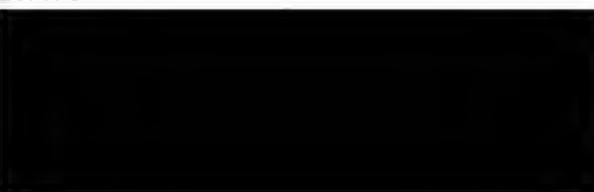
25X1A



AUG. At State, William A. Eddy succeeds Langer as Secretary's Special Assistant for Research and Intelligence;

1 Dec. Allan Evans named Director of Office of Intelligence Research.

25X1C



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Sep-Dec 46

Global

United States

15 SEP. Greek civil war renewed.

30 SEP. Nazi war crimes trials at Nuremberg ended: 3 men acquitted, 19 sentenced by International Tribunal, 4 German organizations indicted, 4 acquitted.

19 NOV. Afghanistan, Iceland, and Sweden join UN;  
16 Dec. Thailand joins UN.

28 NOV. Indo-Chinese war begins, Haiphong bombed by French;  
20 Dec. Ho Chi Minh government evacuates Hanoi.

12 DEC. UN General Assembly calls for diplomatic boycott of Spain.

12 SEP. Secretary of Commerce Henry A. Wallace publicly deplores "get tough with Russia" policy;

20 Sep. Wallace dismissed by Pres. Truman.

4 OCT. Pres. Truman publicly pledges US support to a separate Jewish state in Palestine.

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Sep-Dec 46

Intelligence Community

Central Intelligence Agency

OCT. Evaluation of CIG by Dr. Sherman Kent, "Prospects for the National Intelligence Service," published in Yale Review, autumn 1946--first major critique of US postwar intelligence in academic press.

1 OCT. CIG's authority for personnel-clearance investigations agreed to by IAB.

17 OCT. Office of Operations (OO) established under Brig. Gen. Edwin L. Sibert, replacing "B" Deputy, OSO;

25X1A

6 DEC. J.S. Earman named acting Secretary of NIA and IAB, succeeding Lay;

17 Dec. IAB reconvenes in last meeting chaired by DCI Vandenberg.

17 DEC. First major Congressional review of postwar US intelligence (filed by Peter Vischer, House Military Affairs Committee) urges permanent NIA system under civilian direction and Congressional control.

31 DEC. Foreign Documents Division (FDD) established in OO, outgrowth of Army-Navy Washington Document Center for captured Japanese and German documents.

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Jan-Jun 47

Global

United States

10 MAR. Council of Foreign Ministers reconvenes in Moscow on German questions;  
 24 Apr. adjourns without agreement;  
 25 Nov. reconvenes in London;  
 15 Dec. adjourns indefinitely.

5 MAY. French government (Ramadier) dismisses Communist ministers.

21 JAN. Gen. George C. Marshall, returning from 15-month China mission, succeeds Byrnes as Secretary of State;

12 May. Under Secretary Dean Acheson resigns;

1 Jul. Robert A. Lovett appointed Under Secretary.

12 MAR. Pres. Truman asks US Congress for aid to Greece and Turkey ("Truman Doctrine");

23 Apr. \$400 million bill passed by Senate;

9 May. passed by House;

22 May. signed by Pres. Truman.

3 MAY. Japanese constitution, developed under Gen. MacArthur's sponsorship, goes into effect.

5 JUN. Secretary of State Marshall announces European economic recovery plan ("Marshall plan");

2 Jul. rejected by USSR and East European satellites and Finland;

Jul. Paris conference of 16 "Marshall plan" countries convenes.

30 JUN. US national security and international expenditures in FY 47 reduced to \$20.9 billion from \$46.2 billion in FY 46.

Military strength declined to 1.5 million officers and enlisted men from 3 million in FY 46.

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Jan-Jun 47Intelligence CommunityCentral Intelligence Agency

20 JAN. Col. Edwin K. Wright relieved as DCI Vandenberg's Executive and named Deputy Director of Central Intelligence (DDCI).

12 FEB. NIA prescribes requirements on China in Directive No. 8.

30 APR. Subcommittee on Psychological Warfare (PWC) established by SWNCC;  
5 Jun. renamed Subcommittee on Special Studies and Evaluation (SSE).

15 MAY. IAB reconvenes in first meeting chaired by DCI Hillenkoetter.

22 JUN. Pres. Truman appoints three foreign-aid investigation committees, chaired by Julius A. Krug, Edwin G. Nourse, and W. Averell Harriman (reports released 9 Oct, 28 Oct, and 7 Nov, respectively).

22 Jul. House of Representatives establishes special committee on foreign aid (Christian A. Herter);

23 Dec. Congress, convened in special session, approves \$540 million for France, Italy, Austria, and China.

18 APR. DCI's atomic-energy intelligence coordination functions defined by NIA Directive No. 9.

30 APR. Rear Adm. Roscoe H. Hillenkoetter appointed DCI to succeed Vandenberg;  
1 May. Hillenkoetter sworn in, Wright continuing as DDCI;

12 May. Capt. [REDACTED] 25X1A [REDACTED] USN, appointed Executive Director. 25X1A

26 JUN. State-OSS map library and geographic intelligence functions transferred to CIA, to be located in ORE as Map Intelligence Branch, headed by Dr. [REDACTED] 25X1A

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Jul-Sep 47

Global

United States

JUL. US "containment" policy 25X1A  
toward USSR urged publicly by  
"Mr. X" [REDACTED] in  
Foreign Affairs article on  
"The Sources of Soviet Con-  
duct."

11 JUL. Lt. Gen. Albert G.  
Wedemeyer sent by Pres. Truman  
on mission to Korea and China,  
returns 18 Sep.

15 AUG. India and Pakistan be-  
come independent Dominions in  
British Commonwealth.

2 SEP. Inter-American Mutual  
Assistance Treaty, including  
anti-Communist security agree-  
ments, signed at Rio de  
Janeiro conference, first un-  
der UN charter.

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~~SECRET~~Jul-Sep 47Intelligence CommunityCentral Intelligence Agency

26 JUL. National Security Act signed creating a single National Military Establishment (NME) under a Secretary of Defense, with unified Joint Chiefs of Staff, War Council, Munitions Board, and Research and Development Board;

18 Sep. establishment of National Security Council (replacing NIA), National Security Resources Board, and Central Intelligence Agency (replacing CIG).

26 JUL. Navy Secretary James Forrestal appointed and confirmed as first Secretary of Defense (sworn in 17 Sep);

21 Aug. three departmental Secretaries in NME appointed: Kenneth C. Royall (Army), John L. Sullivan (Navy), and W. Stuart Symington (Air Force).

11 SEP. IAB convenes in last meeting before reorganization into IAC;

Atomic Energy Commission member added (Rear Adm. John E. Gingrich, intelligence and security director);

NIA issues final directive on changeover to NSC (NIA Directive No. 11).

1 JUL. CIG security staffs reorganized, renamed Inspections and Security Staff (I&S);

1 Jul. Col. Sheffield Edwards appointed CIG Executive for I&S.

1 JUL. Executive for Administration and Management (A&M) established, replacing Personnel and Administration Branch and ICAPS' management service; [REDACTED] named A&M Executive; covert administrative matters transferred to OSO, along with Communications Division.

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29 AUG. Rear Adm. Roscoe H. Hillenkoetter reappointed by Pres. Truman to statutory position of DCI as established in National Security Act; 26 Sep. re-sworn in.

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Sep-Dec 47

Global

United States

5 OCT. Communist Information Bureau (COMINFORM), for coordinating Party activities in nine European countries, announced in Moscow.

5 DEC. US embargoes arms shipments to the Middle East.

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Sep-Dec 47Intelligence CommunityCentral Intelligence Agency

26 SEP. Pres. Truman's NSC holds initial organizational meeting;

12 Dec. first NSC Intelligence Directives issued, outlining CIA, departmental, and IAC responsibilities (NSCID Nos. 1-6);



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1 OCT. W. Park Armstrong, Jr., succeeds William O. Eddy as Secretary of State's Special Assistant for Research and Intelligence, representing State on IAC.

4 NOV. SWNCC renamed State-Army-Navy-Air Force Coordinating Committee (SANACC), with member added for new Department of the Air Force;

Aug 48. placed under NSC;  
30 Jun 49. discontinued.

20 NOV. Intelligence Advisory Committee (IAC), replacing IAB, convenes for first time: DCI Hillenkoetter, chairman; W. Park Armstrong, Jr., (State); Chamberlin (Army); Inglis (Navy); McDonald (Air Force); Gingrich (AEC); Brig. Gen. Walter E. Todd (JCS), FBI (representative absent), and Prescott Childs (CIA/ICAPS) secretary;

8 Dec. Maj. Gen. C.P. Cabell succeeds McDonald (AF), and William C. Trueheart succeeds Gingrich (AEC).

1 OCT. Joint Army-Navy Intelligence Surveys (JANIS program) transferred to CIA from NME, reestablished as National Intelligence Surveys (NIS program) in Basic Intelligence Division of ORE;

Joint Intelligence Study Publishing Board (JISPB) discontinued, replaced by ad hoc committee appointed by IAB (Sep 47), then by NIS Committee established under IAC, (Jan 48), with CIA chairman and secretariat.

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Jan-Mar 48

Global

United States

27 JAN. Smith-Mundt Act signed, first Congressional authorization for US world-wide information and cultural activities program.

16 FEB. North Korean People's Democratic Republic (Communist) proclaimed at Pyongyang;

15 Aug. Republic of South Korea proclaimed, with Syngman Rhee as president.

25 FEB. Communist coup in Czechoslovakia, under Gottwald;

Feb-Mar. "war scare" rumors in Europe.

27 FEB. Finland-USSR mutual assistance pact proposals revealed;

6 Apr. pact signed;

23 May. Finland's Communist Minister of Interior dismissed;

1 Jul. Communists lose 11 seats in parliamentary elections.

15 MAR. In Japan, opposition party (Democratic Liberals) formed;

14 Oct. elects Yoshida prime minister;

19 Oct. Yoshida forms new government.

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Jan-Mar 48

Intelligence Community

25X1C Central Intelligence Agency

13 JAN. NSC redefines coordination of intelligence collection (NSCID No. 2) and production (NSCID No. 3);  
25 May and 18 Jan 49.  
scientific and technological intelligence (NSCID Nos. 8, 10).

13 FEB. NSC establishes consultants group to survey CIA and US intelligence community, with Allen W. Dulles (chairman), William H. Jackson, Mathias F. Correa, and Robert Blum (Executive Secretary).  
Interim reports filed 3 and 13 May 48, final report, 1 Jan 49.

24 Feb. Thomas G. Cassady announced Chief;  
22 Mar. renamed Special Procedures Group (SPG);  
18 Jun. SPG replaced by Office of Special Projects, chartered by NSC 10/2.

7 MAR. State's Policy Planning Staff reorganized, George F. Kennan appointed Director.

Apr-Jun 48

Global

United States

30 MAR. 9th Inter-American Conference convenes at Bogotá, interrupted by Communist riots, establishes defense council and drafts charter for new Organization of American States. (OAS).

18 APR. Italy holds national elections, Christian Democrats win absolute majority, against 30% popular vote for Communist-Socialist bloc;

23 May. de Gasperi and Sforza form new government.

14 MAY. British mandate in Palestine ends, state of Israel proclaimed;

14-17 May. recognized by US, France, and USSR.

20 JUN. Berlin blockaded by USSR, against West German occupation zones; massive US airlift launched on 26 Jun;

11 May 49. Soviet blockade lifted.

28 JUN. Yugoslavia expelled from COMINFORM by Soviets.

3 APR. Foreign Assistance Act signed, \$5.3 billion authorized for European economic recovery programs (ERP);

6 Apr. Paul G. Hoffman named head of Economic Cooperation Administration (ECA);

28 Jun. appropriations passed by Congress, signed.

11 JUN. Senate approves "Vandenberg Resolution," favoring principle of regional security arrangements, including Brussels Pact of 17 March and proposed North Atlantic Treaty.

28 JUN. Displaced Persons Act signed for admitting 200,000 non-quota DP's from Europe over following two years.

30 JUN. US national security and international expenditures in FY 48 reduced to \$16.3 billion, from \$20.9 billion in FY 47.

Military strength declined to 1.4 million officers and men (as of 30 Jun 48) from 1.5 million in FY 47.

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Apr-Jun 48

Intelligence Community

Central Intelligence Agency

3 MAY. Reference Center (originally established in ORE, then moved to A&M) relocated in OCD, along with Collection and Dissemination Offices and Central Records Division;

18 May. Dr. James M. Andrews named AD/CD.

16 JUN. IAC's membership changes: for Army, Maj. Gen. A.R. Bolling succeeds Chamberlin;

3 Dec. Bolling succeeded by Maj. Gen. S. LeRoy Irwin, and for AEC, Dr. Walter F. Colby succeeds Trueheart.

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Jul-Dec 48

Global

United States

6 JUL. North Atlantic Treaty negotiations begin with 7 sponsoring nations: US, UK, Canada, France, Belgium, Netherlands, and Luxembourg:

3-30 Mar 49. Norway, Italy, Denmark, Iceland, and Portugal added to NATO group;

4 Apr 49. treaty signed;

21 Jul 49. ratified by US Senate;

24 Aug 49. ratified by other nations.

1 SEP. North China People's Government proclaimed on Communist radio;

30 Oct. Communist troops occupy Mukden, win control of Manchuria;

15 Jan 49. occupy Tientsin;

31 Jan 49. enter Peking.

19 AUG. US denounces Soviet Consul General activities in New York;

24 Aug. USSR announces closing of its consulates in US, asks same of US in USSR.

2 NOV. Harry S. Truman elected President, defeating Thomas E. Dewey (Republican), Henry A. Wallace (Progressive), and Strom Thurmond (States' Rights);

Alben W. Barkley elected Vice President.

7 NOV. French elections held: de Gaulle party wins 107 of 320 council seats, Communists reduced from 88 to 16 seats.

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Jul-Dec 48

Intelligence Community

Central Intelligence Agency

1 JUL. NSC prescribes charter for US Communications Intelligence Board (USCIB), in NSCID No. 9.

AUG. Survey of US internal security coordination completed; conducted for NSC by J. Patrick Coyne (consultant from FBI).

1 SEP. Office of Policy Coordination (OPC) established for

25X1A

15 NOV. Hoover Commission's Task Force on National Security Organization (Headed by Ferdinand Eberstadt) files public report of its survey of NSC agencies, including CIA;

21 Feb 49. Hoover Commission makes further national security recommendations based on report of Foreign Affairs Task Force, headed by Harvey H. Bundy and James Grafton Rogers.

28 Feb 49. Hoover Commission partially endorses Eberstadt recommendations.

25X1A

27 DEC. Capt. [REDACTED] named acting AD/SO. 25X1A

31 DEC. ORE Scientific Branch re-established as separate Office of Scientific Intelligence, with Dr. Willard Machle as AD/SI;

14 Feb. OSO's Nuclear Energy Group transferred to OSI.

Jan-Mar 49

Global

United States

25 JAN. USSR announces new Council for Mutual Economic Assistance (CEMA, sometimes abbr. COMECON), embracing USSR, Bulgaria, Czechoslovakia, Hungary, Poland, and Romania; 11 Feb. Yugoslavia's exclusion confirmed.

27 JAN. Council of Europe established by western foreign ministers meeting in London; 8 Aug. Greece and Turkey added.

FEB. Arrests and trials for espionage and treason in Soviet Bloc:  
8 Feb. Cardinal Mindszenty sentenced in Hungary;  
8 Mar. 15 Protestant clergy sentenced in Bulgaria;  
10 Jun. Xoce and 3 other ex-ministers sentenced in Albania;  
Jun. Hungarian Foreign Minister Lazlo Rajk and others arrested (executed 15 Oct);  
18 Nov. Robert A. Vogeler arrested in Hungary (sentenced Feb 50);  
14-16 Dec. ex-Deputy Premier Kostov and others sentenced and executed in Bulgaria.

20 JAN. Pres. Truman's 4-point program, in inaugural address, includes technical and financial aid to economically underdeveloped areas;

24 Jun. program outlined in message to Congress.

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Jan-Mar 49Intelligence Community

JAN. NSC membership changes:  
Secretary of Treasury Snyder added;  
7 Jan. Dean Acheson succeeds Marshall as Secretary of State;  
26 Mar. Adm. William D. Leahy retires as President Truman's Chief of Staff, intelligence briefing duties assumed by Souers;  
28 Mar. Louis A. Johnson succeeds Forrestal as Secretary of Defense;  
10 Aug. Vice President Barkley added to NSC.

1 JAN. NSC Intelligence Survey Group (Dulles Committee) files final report;  
28 Feb. CIA's comments forwarded;  
7 Jul. committee's recommendations partially endorsed by NSC. (NSC-50).

MAR. NSC's internal security coordinating functions reorganized under J. Patrick Coyne with two interdepartmental committees:

Interdepartmental Intelligence Conference (IIC) re-established under NSC with members from FBI, Army, Navy, and Air Force;

Interdepartmental Committee on Internal Security (ICIS) established as a new committee with members from State, Treasury, Justice, and the NME, with CIA on an ad hoc basis.

Central Intelligence Agency

1 JAN. Executive Director (Capt. [REDACTED]) renamed CIA Executive; A&M Executive [REDACTED] renamed Deputy CIA Executive, responsible for CIA administrative and support functions.

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18 MAR. Col. [REDACTED] named AD/SO, succeeding [REDACTED]

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Mar-Aug 49

## Global

25 APR. German Federal Republic established at Bonn, draft constitution signed by West German and Allied leaders;

23 May. constitution ratified by German states (proclaimed 15 Jun);

15 Sep. Konrad Adenauer elected Chancellor;

9-11 Nov. admitted to Council of Europe membership.

## United States

12 MAY. Japan's war reparations payments terminated;

1-14 Sep. peace treaty supported by Gen. MacArthur and Secretary Acheson.

30 JUN. US national security and international expenditures in FY 49 increased to \$18.9 billion, from \$16.3 billion in FY 48;

US military strength increased to 1.6 million officers and men, from 1.4 million in FY 48.

5 JUL. Adm.. Alan G. Kirk succeeds Gen. Smith as Ambassador to USSR.

5 AUG. US issues "White Paper" postmortem report on China's collapse, announces end of further aid to Nationalist combat forces.

10 AUG. National Security Act amended: NME renamed the Department of Defense, position of Secretary of Defense strengthened, Service secretaries dropped from NSC membership, Vice President added, Chairman of JCS made military adviser to NSC;

11 Aug. Gen. Omar N. Bradley appointed C/JCS.

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Mar-Aug 49Intelligence Community

20 MAY. Armed Forces Security Agency (AFSA) established.

1 JUN. National Committee for Free Europe established, chaired by Joseph C. Grew.

22 JUL. IAC membership changes:

FBI's representation re-activated (D. Milton Ladd);

28 Oct. Navy representative, Adm. Felix L. Johnson (new D/NI) succeeds Inglis on IAC.

Central Intelligence Agency

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17 MAY. Capt. [REDACTED] USN, succeeds Capt. [REDACTED] USN, as CIA Executive (effective 1 Jun).

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25X1A

20 JUN. CIA Act of 1949 prescribes CIA's personnel, financial, procurement, security, and related administrative authorities and exemptions.

7 JUL. NSC 50 directs reorganization within CIA.

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~~SECRET~~Sep-Dec 49

Global

United States

23 SEP. USSR's first nuclear explosion disclosed by Pres. Truman;

27 Sep. acknowledged by TASS.

1 OCT. Communist China's People's Republic proclaimed in Peking, under Mao Tse-tung and Chou En-lai;

11 Oct. Chinese Nationalist government retreats from Canton to Chungking;

30 Nov. to Chengtu;

8 Dec. to Taipei, Formosa;

14 Feb. USSR signs 30-year mutual aid pact with Communist China, agrees to \$300 million loan.

7 OCT. German Democratic Republic proclaimed in Soviet zone under Grotewohl and Pieck;

7 Jun 50. GDR recognizes Oder-Neisse boundary line in agreement with Poland.

16 NOV. Shah of Iran visits US;

30 Dec. joins Pres. Truman in solidarity statement.

27 DEC. Indonesia's independence from the Netherlands proclaimed at Amsterdam (Sukarno elected president 16 Dec);

28 Dec. recognized by US.

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Sep-Dec 49

Intelligence Community

Central Intelligence Agency

28 OCT. Scientific Intelligence Committee (SIC) established by IAC under CIA chairmanship.

15 OCT. CIA's office of Deputy Director of Central Intelligence (DDCI), vacant since 10 Mar 49, made a statutory position by Executive Pay Bill of 49.

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~~SECRET~~Jan-Feb 50

Global

United States

14 JAN. US consular offices in Peking seized by Communist regime.

2 JAN. US military protection of Nationalist China publicly urged by ex-Pres. Hoover and Sen. Robert Taft;

5 Jan. rejected by Pres. Truman;

12 Jan. Secretary Acheson warns of Soviet imperialism in Asia, declares Korea outside US "defense perimeter."

19 JAN. Diplomatic boycott of Spain ended by US;

27 Dec. base negotiations and loan of \$62.5 million to Spain and appointment of US Ambassador (Stanton Griffis).

21 JAN. Alger Hiss convicted of perjury, having denied involvement in Soviet espionage in 1937-38.

27 JAN. US military aid extended to first 8 of 12 NATO countries.

Mutual defense assistance agreements signed.

31 JAN. Pres. Truman authorizes H-bomb development.

3 FEB. Dr. Klaus Fuchs, German-born British scientist, detained in London on FBI tip;

1 Mar. pleads guilty of atomic espionage for USSR.

14 FEB. USSR signs 30-year mutual aid pact with Communist China; agrees to \$300 million loan.

10 FEB. US Export-Import Bank extends \$100 million reconstruction credit to Indonesia;

1 Mar. \$20 million to Yugoslavia;

2 Sep. \$150 million to Mexico.

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Intelligence Community

Jan-Feb 50

Central Intelligence Agency

6 JAN. NSC redefines protection by CIA and community of intelligence sources and methods (NSCID Nos. 11 and 12);

19 Jan and 3 Mar. assigns intelligence tasks of exploiting defectors from abroad (NSCID Nos. 13 and 14).

15 JAN. NSC staff changes:

James S. Lay, Jr., succeeds Sidney W. Souers as Executive Secretary.

Souers made Special Consultant to Pres. Truman, and added to NSC's membership.

17 FEB. IAC's membership changes: from JCS, Brig. Gen. Vernon E. Megee, USMC, (new DD/Intelligence in Joint Staff) succeeds Gen. Todd.

From FBI, Victor P. Keay succeeds Ladd as FBI Director's representative.

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Mar-Jun 50

Global

United States

19 MAR. Cuba, Guatemala, and Dominican Republic cited by OAS committee for plots and conspiracies disturbing Caribbean peace;

8 Apr. OAS Council orders corrective action.

8 APR. US patrol plane downed over Baltic;

11 Apr. USSR charges violation of Soviet territory;

18 Apr. denied by US;

5 May. US condemns USSR.

25 MAY. US-UK-French tripartite declaration on Middle East supports status quo and supply of arms both to Israel and Arab states.

25 JUN. South Korea invaded by Soviet-organized North Korean army;

27 Jun. US forces under General MacArthur committed by Pres. Truman to repel invasion;

8 Jul. MacArthur redesignated UN commander;

1 Oct. UN forces cross 38th parallel into North Korea.

7 MAR. Judith Coplon (US citizen) and Valentin Gubichev (USSR) convicted of conspiracy and espionage.

27 JUN. Pres. Truman orders 7th Fleet to neutralize Formosa, announces intensified military aid to Philippines and Indochina.

30 JUN. US national security and international expenditures in FY 50 reduced to \$17.6 billion, from \$18.9 billion in FY 49.

Military strength declines in FY 50 to 1.4 million officers and men, from 1.6 million in FY 49.

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~~SECRET~~Mar-Jun 50Intelligence CommunityCentral Intelligence Agency

6 MAR. Dr. H. Marshall Chadwell succeeds Dr. Machle as AD/SI.

14 Apr. NSC 68 issued, ad hoc committee established on US objectives and programs for national security.

21 Sep-14 Dec. reports and directives issued (NSC 68/1 to 68/4).

25X1A

7 JUN. [REDACTED] Deputy Executive, named acting CIA Executive on departure of [REDACTED] succeeded by [REDACTED], 16 Oct. 25X1A 25X1A

28 JUN. NSC meetings taken over by Pres. Truman;

19 Jul. W. Averell Harriman (his Special Assistant since 16 Jun) added to NSC membership;

Jul. NSC establishes Senior Staff to coordinate Korean War staff work, with representatives from State, DOD, NSRB, Treasury, JCS, and CIA (DCI), Marion W. Boggs as Coordinator.

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Jul-Sep 50

Global

United States

4 JUL. Radio Free Europe (RFE) beams first broadcast to Soviet bloc countries.

7 AUG. West Germany joins Council of Europe, meeting at Strasbourg;

26 Sep. NATO Council, agreeing on integrated European defense command, includes German contribution in principle.

23 SEP. McCarran Internal Security Act passed by Congress over Pres. Truman's veto.

29 SEP. William C. Foster succeeds Paul G. Hoffman as ECA administrator;

4 Oct. Robert A. Lovett succeeds Stephen T. Early as Deputy Secretary of Defense.

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Jul-Sep 50Intelligence Community

17 JUL. Interagency Defector Committee (IDC) established by IAC under CIA chairmanship.

18 AUG. IAC reconvenes, last meeting chaired by DCI Hillenkoetter.

12 SEP. NSC membership changes: Gen. George C. Marshall appointed Secretary of Defense to succeed Louis A. Johnson; 12 Oct. DCI Smith replaces Hillenkoetter; 16 Dec. Charles E. Wilson appointed head of Office of Defense Mobilization.

Central Intelligence Agency

1 JUL. DCI's coordination staff (ICAPS) renamed Coordination Operations and Policy Staff (COAPS), under Prescott Childs;

Sep. Childs succeeded by James Q. Reber;

1 Dec. COAPS reorganized as Office of Intelligence Coordination (OIC), with Reber as acting AD.

18 AUG. Lt. Gen. Walter B. Smith appointed by Pres. Truman to succeed R.H. Hillenkoetter as DCI;

21 Aug. William H. Jackson appointed as Smith's DDCI;

28 Aug. Smith confirmed by Senate;

7 Oct. sworn in.

SECRET

~~SECRET~~Oct-Dec 50GlobalUnited States

7 OCT. Chinese Communist forces invade Tibet;  
Oct. intervene in Korean war.

NOV. Japan begins rearmament with creation of quasi-military National Police Reserve to compensate for shift of US forces to Korea.

1 NOV. Assassination attempted on Pres. Truman by two Puerto Rican nationalists at Blair House.

28 NOV. Greece and Yugoslavia restore diplomatic ties.

19 DEC. Gen. Dwight D. Eisenhower appointed by Pres. Truman to head NATO forces as Supreme Allied Commander, Europe, (installed 2 Apr 51 in Paris).

23 DEC. US commits military aid to Vietnam, Cambodia, and Laos, in defense agreement with these countries and France.

SECRET

Oct-Dec 50

Intelligence Community

20 OCT. IAC reconvenes, first meeting chaired by new DCI Smith: Armstrong (State), Canine (for Irwin, Army), Johnson (Navy), Cabell (Air Force), Colby (AEC), Megee (JCS), and Meffert W. Kuhrtz (for Keay, FBI).

Central Intelligence Agency



25X1A

13 NOV. CIA's intelligence production offices reorganized: ORE replaced by Office of National Estimates (ONE) under William L. Langer and Office of Research and Reports (ORR) for economic and geographic intelligence and NIS program, first under Theodore Babbitt, then Max F. Millikan, (4 Jan 51).

Office of Current Intelligence (OCI) established 15 Jan 51 under Kingman Douglass.

OSI remained under Dr. Chadwell.

1 DEC. Two additional Deputy Directors established in CIA: DD/Administration (Murray McConnel) in charge of administrative support offices, replacing CIA Executive.

DD/Operations (renamed DD/Plans, 4 Jan 51) (Allen W. Dulles) supervising OSO, OPC, and OO.

13 DEC. DCI's office reorganized: Lyman B. Kirkpatrick named Smith's Executive Assistant, followed by Joseph [REDACTED] (29 Jun 51)

[REDACTED] (29 Nov 51), and [REDACTED] (Jan 52).

25X1A

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Jan-Jun 51

Global

United States

12 FEB. 14 nations confer on British-sponsored Colombo Plan for economic development of South and Southeast Asia.

18 APR. European Coal and Steel Community treaty (Schuman plan) signed at Paris.

29 APR. Mossadegh takes over as Iran's prime minister;  
30 Apr. Anglo-Iranian Oil Company nationalized.

25 MAY. British Foreign Office employees D.D. MacLean and G.F. Burgess defect to USSR.

6 JAN. Resumption of US military aid to Nationalist China announced;

20 Apr. increased aid, along with US Military Advisory Group, announced.

27 MAR. US and Canada conclude joint civil defense agreement.

4 APR. Senate resolution approves further US military buildup (4 divisions) in western Europe.

10 APR. Gen. MacArthur relieved of Far East commands by Pres. Truman; Lt. Gen. Matthew B. Ridgway named as his successor;

19 Apr. MacArthur addresses Congress in joint session;

3 May. Senate Armed Services and Foreign Relations Committee hold hearings on his dismissal; concluded 25 Jun.

18 JUN. US and Saudi Arabia sign defense agreement.

30 JUN. US national security and international expenditures increased in FY 51 to \$36.1 billion, from \$17.6 billion in FY 50.

Military strength increased in FY 51 to 3.2 million officers and enlisted men, from 1.4 million in FY 50.

~~SECRET~~Jan-Jun 51Intelligence CommunityCentral Intelligence Agency

APR-MAY. CIA given observer membership on subcommittees of Interdepartmental Intelligence Conference (IIC), with FBI agreement;  
 Nov. ad hoc membership on IIC reactivated.

MAY. Economic Intelligence Committee (EIC) established by IAC.

20 JUN. Psychological Strategy Board (PSB) established by Pres. Truman, with Under Secretary of State, Deputy Secretary of Defense, and DCI as principal members.

22 JUN. NSC re-allocates economic intelligence functions (NSCID No. 15).

15 FEB. Maj. Gen. W.G. Wyman succeeds [REDACTED] as AD/SO;  
 1 Jul. Lyman B. Kirkpatrick named DAD/SO;  
 17 Dec. [REDACTED] named AD/SO, [REDACTED] named DAD/SO.

25X1A

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25X1A

1 APR. Walter R. Wolf succeeds McConnel as DD/A.

MAY. Col. Chester B. Hansen appointed public "CIA spokesman" and chief of new Historical Staff;

3 Jul. took over Congressional liaison, assisted by Walter L. Pforzheimer.

26 JUN. CIA Act of 1949 amended, liberalizes CIA authority to employ retired military officers.

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~~SECRET~~Jul-Sep 51

Global

United States

10 JUL. Korean armistice negotiations started at Kaesong;  
 26 Jul. truce agenda agreed on;  
 23 Aug. first Communist break-off of negotiations.

30 AUG. Philippines-US mutual defense treaty signed in Washington;  
 1 Sep. ANZUS treaty with Australia and New Zealand signed in San Francisco;  
 30 Mar. both treaties ratified by US Senate.

8 SEP. Japanese peace treaty signed by 49 nations at San Francisco, US-Japan security treaty also signed;  
 20 Mar. US Senate ratifies treaties.

15 SEP. Greece and Turkey join NATO, enlarging Allied defense system to 14 nations.

23 AUG. US and Israel sign treaty of friendship, commerce, and navigation.

7 SEP. US and Ethiopia sign economic-aid treaty.

11 SEP. Deputy Secretary Robert A. Lovett named Secretary of Defense succeeding Gen. Marshall;

24 Sep. William C. Foster succeeds Lovett as Deputy Secretary.

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Jul-Sep 51

Intelligence Community

JUL. Interagency Priorities Committee (IPC) for secret collection requirements established by IAC.

JUL. IAC's membership changes: from JCS, Brig. Gen. R.C. Partridge succeeds Megee; from Air Force, Maj. Gen. John A. Samford succeeds Cabell (Nov.).

AUG. Bureau of the Budget gains membership on NSC Senior Staff.

Central Intelligence Agency

3 JUL. CIA Career Corps plan submitted to DCI Smith by Matthew Baird, Director of Training;

Sep. Career Service Committee established under DD/A. 17 Sep. DCI endorses report, but rejects "small elite corps", favors eventually including "all personnel in CIA, except clerical personnel, on a career basis".

9 JUL. Western Hemisphere Division (WH) established in DD/P as first combined OSO-OPC area division;

9 Oct. Near East/Africa Division (NEA) established;

5 Jan 52. area division mergers completed.

23 AUG. Allen W. Dulles, DD/P, succeeds William H. Jackson as DDCI. (Jackson named as DCI's Special Assistant and Senior Consultant, continued on DCI's executive committee.)

Frank G. Wisner (AD/Policy Coordination) succeeds Dulles as DD/P, Wisner in turn replaced by Kilbourne Johnston in OPC.

Oct-Dec 51

Global \_\_\_\_\_ United States

10 OCT. Mutual Security Act signed combining US economic and military aid into coordinated 3-year, world-wide anti-Communist program (W. Averell Harriman, Director);  
31 Oct. \$7.33 billion appropriation signed.

25 OCT. Conservatives win in British elections;

26 Oct. Winston Churchill returns to power as Prime Minister;

27 Oct. Anthony Eden named Foreign Secretary.

NOV-DEC. Espionage cases surfaced in Eastern Europe:

(1) 20 Nov. US transport plane downed in Hungary;

2 Dec. denounced by USSR as "spy carrier";

23 Dec. fliers sentenced then released as US pays fines, closes two Hungarian consulates, and bans travel to Hungary;

(2) 27 Nov. announcement of Czech Vice Premier Rudolph Slansky's arrest for espionage;

(3) 11 Dec. Romania charges US parachuted two saboteurs in Oct;

20 Dec. denied by US.

14 NOV. US and Yugoslavia sign military aid agreement.

Oct-Dec 51

Intelligence Community

Central Intelligence Agency

23 OCT. NSC defines "scope and pace" of covert operations in NSC 10/5.

31 DEC. Raymond B. Allen succeeds Gordon Gray as PSB staff director.

28 DEC. Col. L.K. White named Asst. DD/A under Wolf, effective 1 Jan 52.

SECRET

Jan-Apr 52

Global

United States

5 JAN. India and US sign 5-year technical assistance agreement.

FEB-JUN. US-Latin-American military assistance agreements concluded: Brazil (15 Feb), Ecuador (20 Feb), Peru (22 Feb), Cuba (7 Mar), Chile (9 Apr), Colombia (17 Apr), and Uruguay (30 Jun).

20 FEB. NATO Council, meeting in Lisbon, agrees on rearmament goal of 50 divisions in Western Europe in 1952.

18 JAN. US foreign information programs reorganized in State Department as the International Information Administration (IIA), under Dr. Wilson Compton.

28 FEB. US and Japan sign base agreement, supplementing 1951 treaty.

12 APR. Gen. Eisenhower resigns as Supreme Allied Commander, Europe, effective 1 Jun;

28 Apr. Gen. Matthew B. Ridgway appointed his successor.

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Jan-Apr 52Intelligence CommunityCentral Intelligence Agency

1 JAN. DCI's executive committee expanded:

Loftus E. Becker named Deputy Director (Intelligence) (DD/I) with supervision over ONE, OCI, ORR, OSI, OCD, OIC (1 Mar. OO added from DD/P).

Stuart Hedden named Inspector General (IG).

[redacted] succeeds Becker as DCI's Exec. Asst.; Col. L.K. White, new A/DDA.

25X1A

3 JAN. Dr. Sherman Kent succeeds Dr. Langer as AD/NE and Chairman of Board of National Estimates.

12 JAN. Information security subcommittee, headed by Edward R. Trapnell, established under NSC's Interdepartmental Committee on Internal Security (ICIS).

7 FEB. David K.E. Bruce succeeds James E. Webb as Under Secretary of State.

1 MAR. Center for International Studies (CENIS), headed by Dr. Max F. Millikan, established at M.I.T.

2 APR. George F. Kennan succeeds Adm. Alan G. Kirk as Ambassador to USSR;  
3 Oct. declared PNG by USSR.

25 MAR. Security Office and CIA's security policies reviewed by J. Patrick Coyne (NSC staff) for DCI and IG, report filed Aug 52.

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May-Aug 52

Global

United States

15 MAY. Ethiopia-US technical assistance agreement signed.

27 MAY. European Defense Community treaties and agreements signed in Paris.

23 JUL. Egypt taken over by Naguib in military coup;

26 Jul. King Farouk abdicates;

7 Sep. Naguib assumes premiership;

9 Dec. constitution dissolved.

20 AUG. USSR announces 5-year plan, providing 70% increase in industrial production.

23 AUG. Arab League security pact ratified by Egypt, Syria, Iraq, Jordan, and Saudi Arabia.

30 AUG. Iranian oil settlement proposed by US and UK;

24 Sep. rejected by Mossadegh;

16 Oct. Iran breaks relations with UK.

1 MAY. American travel to Communist-dominated countries banned by State Department.

30 JUN. US national security and international expenditures increased in FY 52 to \$46.8 billion, from \$36.1 billion in FY 51.

Military strength increased to 3.6 million officers and enlisted men, from 3.2 million in FY 51.

27 AUG, 3 SEP. Ex-Ambassador John Foster Dulles, adviser to Pres. candidate Eisenhower, urges "peaceful liberation" of USSR's Eastern European satellites and rollback of Communist power, rejects co-existence and containment.

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May-Aug 52Intelligence CommunityCentral Intelligence Agency

MAY. IAC membership changes:  
 for Army--Brig. Gen. John Weckerling succeeds Bolling;  
 Jul. Col. C.B. Coverdale succeeds Weckerling;  
 Aug. Maj. Gen. R.C. Partridge succeeds Coverdale.  
 for JCS--Aug., Brig. Gen. Edward H. Porter succeeds Partridge.  
 for Navy--Jun., Rear Adm. Richard F. Stout succeeds Johnson;  
 Dec. Rear Adm. Carl F. Espe succeeds Stout.

25 JUL. IAC establishes Intelligence Working Group (IWG) for economic defense intelligence to support NSC's Economic Defense Advisory Committee (EDAC).

AUG. Adm. Alan G. Kirk succeeds Raymond B. Allen as PSB director.

14 AUG. IAC establishes Scientific Estimates Committee (SEC), replacing the Scientific Intelligence Committee (SIC), and reconstitutes Joint Atomic Energy Intelligence Committee (JAEIC) as a permanent standing committee of IAC.

9 JUN. DCI Smith's executive committee renamed deputies meeting.

28 Aug. [REDACTED] (new Chief of FI Staff and acting Chief of Operations) added to committee.

25X1A

1 AUG. DD/P activities renamed Clandestine Services (CS); merger of OSO and OPC headquarters staffs completed, renamed Foreign Intelligence (FI), Political and Psychological Warfare (PP), Paramilitary Operations (PM), Technical Services (TSS), Plans and Program Coordination (PPC), Inspection, Review, and Analysis (IRA), and Administration.

SECRET

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Sep-Dec 52

Global

United States

2 OCT. UK explodes its first atomic bomb off Australian coast, joins US-USSR "nuclear club."

15 OCT. Japan strengthens security forces, establishes National Safety Corps and Maritime Safety Corps.

31 OCT. Bolivia nationalizes three largest foreign-owned tin mines.

1 NOV. US detonates first hydrogen bomb, at Eniwetok Atoll.

4 NOV. Gen. Dwight D. Eisenhower and Sen. Richard M. Nixon elected President and Vice President, defeating Democratic candidates Adlai Stevenson and John J. Sparkman; inaugurated 20 Jan 53.

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Sep-Dec 52

Intelligence Community

Central Intelligence Agency

29 SEP. Weekly intelligence reporting to presidential candidates by CIA disclosed; Nov. National Intelligence Digest (NID) compiled for President-Elect.

29 SEP. DCI Smith, testifying in McCarthy-Benton libel suit, declares belief in security assumption that "there are Communists in my own organization," as in "practically every security agency of the Government";

13 Oct. amends views, tells House committee that "I have found no penetration of Communists in my organization in the US," but that overseas, "in the past we have from time to time discovered one or two in our ranks."

7 OCT. Col. Stanley J. Grogan succeeds Col. Chester B. Hansen as public "CIA spokesman" and Historical Staff chief.

2 NOV. Photo Intelligence Division established in CIA, assigned to ORR Geographical Research Area.

21 NOV. Pres. Truman's farewell address to CIA employees.

29 DEC. DCI made permanent chairman of US Communications Intelligence Board.

Armed Forces Security Agency (AFSA) reorganized as National Security Agency (NSA).

20 NOV. NSC appointments announced by President-Elect Eisenhower: J. Foster Dulles named Secretary of State and Charles E. Wilson Secretary of Defense;

28 Dec. Robert Cutler named President's Administrative Assistant, directed to survey NSC organization and procedure (report approved 17 Mar 53).

SECRET

Jan-Feb 53

Global

United States

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27 JAN. British Canberra bomber achieves less-than-a-day flight from London to Australia (22 hours).

2 FEB. US Fleet's neutralization of Taiwan ended.

28 FEB. Yugoslavia military collaboration agreements with Greece and Turkey signed.

~~SECRET~~Jan-Feb 53Intelligence Community

24 JAN. President's Committee of International Information Activities established, with William H. Jackson as chairman and Abbot Washburn as Executive Secretary;  
 30 Jun. report filed;  
 8 Jul. summary of recommendations published.

29 JAN. Pres. Eisenhower's NSC convenes for first time. Secretary of Treasury George M. Humphrey and Budget Director Joseph M. Dodge added to NSC.

FEB. IAC membership changes under DCI Dulles' chairmanship:  
 from JCS, Col. Samuel M. Lansing (alt. for Brig. Gen. Edward H. Porter);  
 Sep. from AEC, Charles C. Reichardt;  
 Nov. from Army, Maj. Gen. Arthur G. Trudeau.

16 FEB. C.D. Jackson named Pres. Eisenhower's Special Assistant for Cold War Planning.

24 FEB. Dr. Robert L. Johnson succeeds Dr. Compton as head of IIA.

27 FEB. Charles E. Bohlen appointed Ambassador to USSR;  
 27 Mar. confirmed by Senate.

Central Intelligence Agency

24 JAN. Allen W. Dulles, DDCI, succeeds Walter B. Smith as DCI; appointment by Pres. Eisenhower announced;  
 10 Feb. submitted to Senate;  
 23 Feb. confirmed by Senate;  
 26 Feb. sworn in.

24 JAN. Lt. Gen. C.P. Cabell, head of JCS Joint Staff, named by Pres. Eisenhower to succeed Dulles as DDCI;

4 Apr. DDCI position re-established by National Security Act amendment, permitting either a military or civilian appointee but prohibiting both DCI and DDCI positions to be occupied simultaneously by commissioned officers;  
 10 Apr. Cabell's nomination submitted to Senate and approved;  
 23 Apr. Cabell sworn in.

FEB. DCI Dulles continues Smith's deputies meeting as Executive Committee:

DD/A Wolf, Asst. DD/A White, DD/P Wisner, and C/OPS [REDACTED]  
 1 May. DD/I Becker replaced by Robert Amory, Jr.;  
 30 Mar. Lyman B. Kirkpatrick named IG;  
 6 Mar. [REDACTED], O/DD/P; 21 Apr. Huntington Sheldon, OCI Director;

23 Apr. DDCI Cabell, John [REDACTED] (continued as DCI's Executive Assistant.) 25X1A 25X1A 25X1A

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Mar-May 53

| Global   | United States  |
|--|--|
| <p><u>5 MAR.</u> Stalin dies;</p> <p><u>6 Mar.</u> Soviet leadership passes to Malenkov;<br/>Deputy chairmen: Molotov, Beria, Bulganin, and Kaganovich, with Voroshilov heading presidium;</p> <p><u>20 Mar.</u> Khrushchev, new presidium member, replaces Malenkov as Communist Party first secretary.</p> | <p><u>6 MAR.</u> US and Dominican Republic sign defense agreement.</p>   |
| <p><u>28 MAR.</u> Libya joins Arab League;</p> <p><u>30 Jul.</u> signs base rights and economic aid agreement with UK.</p>   | <p><u>27 MAR.</u> NIKE guided-missile batteries for US air defense announced;</p> <p><u>17 Dec.</u> first battery, at Fort Meade, announced.</p> |
| <p><u>10 APR.</u> Dag Hammarskjold (Sweden) succeeds Lie as UN Secretary General.</p>  |  |
| <p><u>15 MAY.</u> Czechs pardon William N. Oatis, imprisoned in 1951 for alleged espionage activities.</p>   | <p><u>22 MAY.</u> US and Ethiopia sign defense treaty.</p>   |

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Mar-May 53

Intelligence Community

Central Intelligence Agency

7 MAR. IAC establishes Advisory Committee on Foreign Language Publications, chartered by NSC (NSCID No. 16), with CIA chairman and secretariat.

15 MAR. Air Force advisory committee on air defense (Project Lincoln), chaired by Dr. James R. Killian, Jr., issues public report on US vulnerability to surprise attack.

17 MAR. Vice President Nixon named vice chairman of NSC.

17 MAR. NSC Senior Staff redesignated Planning Board, DCI represented by DD/I. Robert Cutler named NSC Executive Officer.

6 APR. Arthur S. Flemming appointed Director of Defense Mobilization;

11 Jun. National Security Resources Board (NSPB) replaced by Office of Defense Mobilization (ODM), headed by Flemming.

27 APR. National security standards for government employment revised, replacing executive order of 21 Mar 47.

12 MAY. Adm. Arthur W. Radford appointed JCS chairman, succeeding Gen. Bradley;

2 Jun. confirmed by Senate;  
15 Aug. took office.

17 MAR. DCI Dulles defends security and integrity of CIA personnel before Senator Joseph McCarthy's subcommittee.

Again, 16 Jul to 3 Aug in subsequent correspondence with McCarthy, regarding [REDACTED] and Alger Hiss. 25X1A 25X1A

1 APR. Lyman B. Kirkpatrick succeeds Stuart Hedden as Inspector General;

24 Apr. named chairman of new CIA Career Service Board.

25 May. CIA's career service divided initially into 21 occupational-organizational groups.

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Jun-Aug 53

Global

United States

16 JUN. East Berlin labor riots against government's new productivity orders;

17 Jun-12 Jul. Soviet military forces intervene.

10 JUL. Beria's dismissal and arrest on treason charges announced in USSR;

23 Dec. executed with 6 associates.

11 JUL. Gen. Alfred M. Gruenther (US) succeeds Gen. Ridgway as Supreme Allied Commander, Europe.

26 JUL. National Liberation party in Costa Rica, under Jose Figueres, wins in presidential and congressional elections.

27 JUL. Korean armistice agreement signed at Panmunjon.

8 AUG. USSR announces achievement of hydrogen bomb;

12 Aug. bomb exploded;  
20 Aug. announced.

15 AUG. Mossadegh dismissed by Shah of Iran, replaced by Zahedi;

20 Aug. Mossadegh arrested;  
8 Nov-21 Dec. tried and sentenced for treason.

19 JUN. Julius and Ethel Rosenberg, convicted spies, executed at Sing Sing.

30 JUN. US national security and international expenditures increased in FY 53 to \$52.5 billion, from \$46.8 billion in FY 52.

US military strength down to 3.5 million officers and enlisted men, from 3.6 million in FY 52.

15 JUL. US and Japan begin security agreement negotiations (agreement signed 8 Mar 54).

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Jun-Aug 53

Intelligence Community

Central Intelligence Agency

1 JUL. Col. L.K. White succeeds Wolf as acting DD/A (named DD/A 21 May 54).

9 JUL. CIA rejects Sen. McCarthy's subpoena demands, notifying him that "the policy of the CIA was to refuse to allow any employee to appear before any Congressional committee."

20-23 JUL. Congressional joint "watchdog" committee for CIA and US Intelligence proposed in resolutions by Sen. Mike Mansfield and Rep. Edna Kelly.

AUG. Committee on Manpower Resources for National Security, established by ODM, chaired by Lawrence A. Appley; 9 Jan. report published.

1 AUG. US Information Agency (USIA), headed by Theodore C. Streibert, replaces State's IIA.

6 AUG. Foreign Operations Administration (FOA) replaces MSA for economic aid programs; Harold Stassen continued as NSC member.

SECRET

Sep-Dec 53

Global

United States

12 SEP. Khrushchev named USSR  
Communist Party first secre-  
tary of Central Committee.

26 SEP. US air and naval base  
rights established in Spain  
along with US economic and  
military aid to Spain.

1 OCT. US and South Korea sign  
mutual security treaty.

6 OCT-14 DEC. Vice Pres. Nixon  
visits 19 nations in Far East  
and Middle East.

12 OCT. US-Greek agreement on  
naval and air bases signed.

7 NOV-10 DEC. US airlifts  
Chinese Nationalist troops  
from Burma to Taiwan.

4-7 DEC. US, UK, and French  
summit meeting in Bermuda.

SECRET

Sep-Dec 53

Intelligence Community

Central Intelligence Agency

3 SEP. Operations Coordinating Board (OCB) replaces PSB; members include Under Secretary of State Walter B. Smith (chairman), C.D. Jackson (as President's representative), DOD, FOA, and CIA representatives (DCI Dulles, assisted [redacted])

25X1A

9 SEP. Guided missiles development coordinating committee established in DOD, headed by Trevor Gardner.

6 OCT. Survey committee on community's watch system established by IAC (report filed 26 Apr 54).

13-14 OCT. NSC criticism of US military budgets disclosed, re-review by JCS undertaken.

5 NOV. Security regulations for classification and safeguarding of information recodified by executive order.

14 DEC. DCI Dulles joins briefings of Mayor's Conference on National Defense in Washington.

SECRET

SECRET

Jan-Mar 54

| Global  | United States   |
|---|---|
| <u>JAN-APR.</u> Defectors from USSR request political asylum abroad:<br>24 Jan. Rastovorov, in Japan;<br>20 Feb. Khokhlov, in Frankfurt;<br>13 Apr. Petrov, in Australia. | <u>7 JAN.</u> Pres. Eisenhower announces US "massive retaliation" defense strategy;<br>12 Jan. amplified in speech by Secretary Dulles.   |
| <u>25 FEB.</u> Nasser takes over Egypt;<br>27 Feb. Naguib restored;<br>17 Apr. Naguib ousted again.   | <u>21 JAN.</u> <u>Nautilus</u> , first atomic-powered submarine, launched at Groton, Conn;<br>30 Sep. commissioned.   |
|   | <u>10 FEB.</u> Strategic Missile Evaluation Committee, chaired by AEC commissioner Dr. John von Neumann, recommends ICBM with nuclear warhead;<br>21 Jun. Atlas development assigned to Air Research and Development Command (Brig. Gen. B.A. Schriever). |
|   | <u>26 FEB.</u> Sen. John W. Bricker's constitutional amendment, requiring Senate approval of US Executive's foreign agreements, defeated in Senate, 60-31.  |
| <u>13 MAR-7 MAY.</u> Viet-Minh forces in massive assault overcome French-held Dienbienphu;<br>1 Apr. invade Cambodia.   |   |

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~~SECRET~~Jan-Mar 54Intelligence CommunityCentral Intelligence Agency

JAN. Supergrade Review Board reestablished, under DDCI Cabell's chairmanship.

25X1A

1 FEB. [REDACTED] named DCI Dulles' Special Assistant for Planning and Coordination and member of his deputies meeting;

1 Jul. joined by J.Q. Reber when OIC was liquidated, absorbed OIC's community coordination staff functions except IAC secretariat, which was transferred to DDI/ONE.

MAR. Congressional leaders resume criticism of CIA: Sen. Mike Mansfield publishes details of alleged intelligence and operational errors, and calls again for a joint "watchdog" committee;

2 Jun. Sen. Joseph McCarthy charges CIA infiltrated by Communists;

23 Jun. Rep. Peter Frelinghuysen, Jr., proposes a Presidential commission on foreign intelligence.

1 MAR. Civil Service Commission discloses 48 separations from CIA as security risks;

11 Oct. further separations reported, totaling 75 for CIA out of US total of 6,926 security risks (for period 28 May 53 to 30 Jun 54).

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Mar-May 54

| Global   | United States  |
|--|--|
|  | 8 MAR. US and Japan sign defense and economic agreements.  |
| 2 APR. Pakistan and Turkey sign defense agreement;<br>19 May. US and Pakistan sign defense agreement.  | 19 MAR. US discloses "atoms for peace" plan, including proposal for International Atomic Energy Agency.                                      |
| 10 APR. Iranian petroleum consortium agreement signed by eight French, Dutch, British, and US companies.<br>5 Aug. agreement with Iran announced.                                  | 8 APR. US and Canada announce joint radar defense plans;<br>27 Sep. agreement announced on construction of Distant Early Warning (DEW) line. |
| 29 APR. India and Communist China sign agreement on Chinese control of Tibet and "peaceful coexistence";<br>26-28 Jun. Chou En-Lai visits India;<br>19-30 Oct. Nehru visits China. | 25 APR. US and Iraq announce defense agreement.  |
| 5 MAY. Czechoslovakia protests US propaganda balloons;<br>15 Oct. Hungary also protests balloons.  |  |
| 13 MAY-22 JUN. UN 5-power disarmament subcommittee holds 19 meetings in London on inspection system, methods of preventing surprise attack, and ban on nuclear testing.            | 17 MAY. State Department discloses Soviet Bloc arms shipments to Guatemala.  |
|  | 20-21 MAY. US signs military agreements with Honduras and Nicaragua.   |

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Mar-May 54

Intelligence Community

Central Intelligence Agency

15 MAR. NSC 5412 reaffirms CIA's covert action responsibilities in consultation with OCB and departmental representatives.

19 MAR. DCI Dulles, in first press interview as DCI, criticizes press and US Government, "We Tell Russia Too Much," (U.S. News and World Report.)

1 MAY. Watch Committee reconstituted under CIA chairmanship by IAC;

Jul. National Indications Center (NIC) activated as community supporting staff.

3 MAY. Robert B. Anderson succeeds Roger M. Kyes as Deputy Secretary of Defense and OCB member.

18 MAY. State Department personnel advisory committee (Henry M. Wriston, chairman) files report, recommends integration of Departmental and Foreign Service personnel.

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26 APR. [REDACTED] appointed Assistant DD/P for PP and PM activities, and member of DCI's executive committee (first as [REDACTED] alternate, then regularly starting in Aug.)

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SECRET

Jun-Aug 54

| Global   | United States  |
|--|--|
| <u>2 JUN.</u> Japan's Self-Defense Force (JSDF) established.   |  |
| <u>18-29 JUN.</u> Guatemala's pro-Communist government (Jacobo Arbenz Guzmán) overthrown by insurgent forces from Honduras under Col. Carlos Castillo Armas; | <u>25 JUN.</u> US Senate resolution condemns Communist interference in Western Hemisphere.   |
| 10 Oct. Castillo Armas elected president.  | <u>30 JUN.</u> US national security and international expenditures reduced to \$48.6 billion in FY 54, from \$52.5 billion in FY 53.<br>US military strength down to 3.3 million officers and enlisted men, from 3.5 million in FY 53. |
| <u>20-21 JUL.</u> Indochina armistice agreements for Vietnam (partitioned at 17th parallel), Laos, and Cambodia, signed at Geneva Conference.                | <u>5 JUL.</u> US expels three Soviet embassy aides for espionage.  |
| <u>20 JUL.</u> Dr. Otto John, head of West Germany's Federal Office for the Protection of the Constitution, defects to East Germany.                         | <u>10 JUL.</u> Agricultural Trade Development and Assistance Act approved, including "Food for Peace" program.   |
| <u>9 AUG.</u> Balkan alliance signed at Bled by Greece, Turkey, and Yugoslavia.  | <u>26 AUG.</u> Mutual Security Act re-affirms and extends anti-Communist programs.   |

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Jun-Aug 54

Intelligence Community

Central Intelligence Agency

9 JUN. International Organizations Division (IO) activated in DD/P.

4-8 JUL. Two investigating committees on CIA and US intelligence established to meet Congressional criticism:

Task force under Gen. Mark Clark established by Hoover Commission on the Organization of the Executive Branch;

Study Group under Lt. Gen. James A. Doolittle, announced by Pres. Eisenhower;

30 Sep. Doolittle Group report filed (summary of findings disclosed by White House, 16 Oct.).

3 AUG. CIA Career Service established.

10 AUG. IAC membership changes:

from Joint Staff, Rear Adm. Edward T. Layton succeeds Gen. Porter;

from AEC, Harry S. Traynor succeeds Colby.

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Sep-Dec 54

## Global

3-6 SEP. Quemoy and Matsu bombed by Communist China.

8 SEP. Southeast Asia Treaty Organization (SEATO) defense treaty signed at Manila by US, UK, France, Australia, N.Z., P.I., Thailand, and Pakistan; four "neutralist" states abstained, India, Indonesia, Burma, and Ceylon.

3 OCT. Western European Union (WEU) established, West German sovereignty and rearmament agreements signed in London by Allied foreign ministers;

23 Oct. Protocols signed in Paris admitting Germany to NATO and terminating Allied occupation regimes;

29 Oct. US and Germany sign bilateral treaty.

1 NOV. Algerian war begins.

## United States

4 SEP. US Navy P2V patrol plane downed by USSR over Sea of Japan;

7 Nov. USAF RB-29 reconnaissance plane downed off northern Japan.

9 SEP. US and Libya sign agreement on economic aid and military bases.

28 SEP. US requests repatriation of Field family (Noel, Herta, and Hermann Field) from Hungary and Poland, imprisoned since 1949;

16 Nov. release accomplished.

2 DEC. US and Nationalist China sign mutual defense treaty.

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~~SECRET~~Sep-Dec 54

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Intelligence Community

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Central Intelligence Agency

4 OCT. Herbert Hoover, Jr., succeeds Walter B. Smith as Under Secretary of State and OCB chairman;

Dec. Nelson A. Rockefeller appointed as Pres. Eisenhower's Special Assistant for Cold War Planning and OCB representative.

8 OCT. Technological Capabilities Panel (TCP), chaired by Dr. James R. Killian, Jr., established by Office of Defense Mobilization.

11 DEC. Council on Foreign Economic Policy, under Joseph M. Dodge, established to coordinate US Government's foreign economic planning.

19 DEC. House committee, under B. Carroll Reece, concludes investigation of foundations, criticizes undue influence in US foreign information and research programs.

DEC. Prototype of U-2 high-altitude photo-reconnaissance aircraft achieved (first test flight Aug 55).

20 DEC. Counterintelligence Staff (CI) activated in DD/P.

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Jan-May 55

| Global  | United States  |
|---|--|
|   | 28 JAN. Military defense of Formosa Strait area authorized by Congress in joint resolution;                    |
|   | 29 Jan. approved by Pres. Eisenhower;  |
|   | 5-11 Feb. Tachen Islands evacuated with 7th Fleet assistance.  |
| 8 FEB. Bulganin replaces Malenkov as USSR chairman;<br>9 Feb. Zhukov becomes defense minister.  | 12 FEB. South Vietnamese army training taken over from French by US Military Assistance Advisory Group (MAAG). |
| 24 FEB. Baghdad pact signed by Turkey and Iraq;<br>5 Apr. UK accedes;<br>23 Sep. Pakistan;<br>25 Oct. Iran;<br>21-22 Nov. Council holds first meetings, with US observers present.              |  |
| 5-7 APR. Winston Churchill resigns as Prime Minister, succeeded by Anthony Eden; Harold Macmillan succeeds Eden as Foreign Secretary;<br>20 Dec. Macmillan succeeded by Selwyn Lloyd.           |  |
| 17 APR. Afro-Asian conference at Bandung opens.   |  |
| 14 MAY. Warsaw Pact signed, establishing Soviet Bloc alliance and military command organization, including USSR, East Germany, Poland, Hungary, Bulgaria, Czechoslovakia, Romania, and Albania. |  |

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Jan-May 55

Intelligence Community

JAN. 24-hour watch established in National Indications Center.

28 FEB. US Information Agency (USIA) added to OCB membership.

12 MAR. Planning and Coordination Group (PCG) established in OCB as coordination channel for covert actions, by NSC 5412/1.

19 MAR. Harold E. Stassen appointed Pres. Eisenhower's Special Assistant on Disarmament.

APR. Dillon Anderson succeeds Robert Cutler as Pres. Eisenhower's Special Assistant for National Security Affairs and NSC executive officer.

10 MAY. Clark Task Force report filed;  
29 Jun. submitted to Congress in summary form.

Central Intelligence Agency

FEB. CIA Scientific Advisory Board established by DCI, under chairmanship of [REDACTED] with secretariat under [REDACTED]

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25X1A

3 FEB. DD/A directorate expanded and renamed DD/Support, to include Offices of Training and Communications and a special administrative staff for servicing DD/P activities.  
Col. White continues as DD/S.

May-Jul 55

Global

United States

15 MAY. Austria State Treaty signed;  
27 Jul. sovereignty restored;  
14 Oct. end of four-power occupation completed, with departure of US forces.

30 JUN. US and West Germany sign mutual defense agreement effective 27 Dec.

30 JUN. US national security and international expenditures reduced in FY 55 to \$42.8 billion from \$48.6 billion in FY 54.

Military strength down to 2.9 million officers and enlisted men, from 3.3 million in FY 54.

18-23 JUL. Big-Four summit conference at Geneva (Eisenhower, Bulganin, Eden, Faure).  
Eisenhower proposes "open skies" armament control, with US/USSR mutual aerial inspection and exchange of military blueprints;  
16 Dec. his proposal approved by UN General Assembly.

29 JUL. US reveals earth satellite plan for International Geophysical Year (IGY) in 1957;  
30 Jul. USSR announces similar plan.

~~SECRET~~May-Jul 55Intelligence CommunityCentral Intelligence Agency

17 MAY. Senate committee chaired by Sen. Richard Russell begins investigation of alleged US-USSR bomber gap.

19 MAY. IAC establishes Ad Hoc Committee on Information Processing (AHIP), with CIA/OCD chairman and secretariat.

30 JUN. US aerial reconnaissance over Sino-Soviet Bloc areas in FY 55 "substantially increased" over FY 54.

JUL. IAC membership changes:  
22 Jul. from FBI, Alan H. Belmont succeeds L.V. Boardman;  
23 Aug. from Army, Maj. Gen. Ridgely Gaither succeeds Gen. Trudeau.

1 JUL. International Cooperation Administration (ICA) established within State Department, replaces independent FOA and is dropped from NSC membership.

19 JUL. Survey committee on community's guided missiles intelligence assets ordered by IAC, under CIA chairmanship;  
25 Nov. report filed.

28 JUN. Dr. H. Marshall Chadwell appointed as CIA's new Senior Scientific Representative abroad;

8 Aug. Chadwell replaced in OSI by Dr. Herbert Scoville, Jr., from DOD's Armed Forces Special Weapons Project.

15 JUL. Construction of new headquarters installation at Langley authorized by Congress, for \$46 million; CIA's temporary buildings ordered demolished when vacated.

27 JUL. DCI Dulles' executive committee enlarged by addition of Special Assistant, Lt. Gen.

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Aug-Dec 55

Global

United States

8-13 SEP. Adenauer visits  
Moscow; West Germany and USSR  
establish diplomatic rela-  
tions.

15 SEP. Cyprus bans EOKA  
terrorists.

24 SEP. Pres. Eisenhower suf-  
fers a coronary thrombosis.

18 NOV-19 DEC. India, Burma,  
and Afghanistan visited by  
Soviet leaders Bulganin and  
Khrushchev, economic aid  
agreements negotiated.

14 DEC. 16 states admitted  
to UN membership from Eastern  
and Western Europe, Middle  
East, Asia, and Africa (total  
76 states).

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Aug-Dec 55Intelligence Community

5 AUG. Reuben B. Robertson, Jr., succeeds Anderson as Deputy Secretary of Defense and OCB member.

26 SEP. Attorney General Herbert Brownell, Jr., joins NSC as regular member;  
 3 Oct. Vice Pres. Nixon requested by Pres. Eisenhower to continue holding NSC meetings;  
 20 Nov. Pres. Eisenhower holds first NSC meeting since his illness, at Camp David.

8 NOV. Intermediate-range ballistic missile (IRBM) program assigned to Air Force in coordination with Army and Navy;  
 17 Nov. Rear Adm. W.F. Raborn, Jr., named Navy Coordinator.

28 DEC. "5412/2 Designated Representatives (Special Group)" established by NSC for coordinating covert actions.

Central Intelligence Agency

AUG. DD/I directorate reorganized;

1 Aug. ORR's Basic Intelligence Division reconstituted as a separate Office of Basic Intelligence (OBI);

12 Aug. OCD renamed Office of Central Reference (OCR).

SEP. Studies in Intelligence established in OTR, C.M.

[REDACTED] editor, Dr. Sherman Kent, editorial board chairman.

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1 DEC. CIA's Congressional relations transferred to IG's supervision;

2 Nov. Norman S. Paul succeeds Walter Pforzheimer as Legislative Counsel;

Jan 56. IG also made responsible for liaison with President Eisenhower's new intelligence consultants' board and for supervising DCI's public affairs office.

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THE DCI HISTORICAL SERIES

HS 3

CIA SUPPORT FUNCTIONS:

ORGANIZATION AND ACCOMPLISHMENTS OF THE DDA-DDS GROUP

1953-56

VOLUME I (CHAPTERS I AND II)

25X1A *by*  
[REDACTED]

1960

HISTORICAL STAFF  
CENTRAL INTELLIGENCE AGENCY

**SECRET**

CIA SUPPORT FUNCTIONS:  
ORGANIZATION AND ACCOMPLISHMENTS OF THE DDA/DDS GROUP,  
1953-1956

25X1A

by [REDACTED] DCI/HS

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S E C R E T

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CIA SUPPORT FUNCTIONS:  
ORGANIZATION AND ACCOMPLISHMENTS OF THE DDA/DDS GROUP,  
1953-1956

25X1A

by [REDACTED] DCI/HS

<sup>1/</sup>

CHAPTER I. OVERALL MANAGEMENT MATTERS

A. Scope of Support Activities 1953-1956

The magnitude of CIA's support activities increased steadily during the period, money-wise, personnel-wise, and materiel-wise. Actual expenditures rose from [REDACTED] dollars for Fiscal Year 1953 to [REDACTED] dollars for Fiscal Year 1957 with a slight dip in Fiscal Year 1953 when expenditures dropped to [REDACTED] dollars.<sup>2/</sup> The number of civilian staff employees and military personnel on duty as of December 1952 was [REDACTED] and the number on duty as of December 31, 1956, was [REDACTED]. With the addition of temporary and part-time employees, consultants and foreign nationals, the latter figure is brought to more than [REDACTED]. The dollar value of inventories on hand increased from [REDACTED] for Fiscal Year 1954 to [REDACTED] for the first half of Fiscal Year 1957.<sup>4/</sup> Inventories thus increased at a more

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1/ This chapter was drafted by [REDACTED] in July 1960.

2/ See below, Chapter II, for discussion of budget cycles.

3/ See below, Chapter III, for discussion in trends in personnel strength.

4/ See below, Chapter IV, for discussion of logistics.

S E C R E T

S E C R E T

rapid rate than expenditures or personnel. None of the increases were as spectacular as those which occurred during the Smith period 1950-1953, when personnel strength increased two and one-half times and expenditures increased five and one-half times.<sup>1/</sup>

During the period, an important trend is to be noted in distribution of available funds. Obligations for intelligence activities increased from [redacted] dollars for

25X1A [redacted] dollars for Fiscal Year 1953 to [redacted] dollars for Fiscal Year 1957 and obligations for cold war activities decreased from

25X1A [redacted] dollars for Fiscal Year 1953 to [redacted] 25X1A dollars for Fiscal Year 1957. The principal increase in intelligence activities was for covert intelligence collection and the principal decrease in cold war activities was paramilitary activities.<sup>2/</sup> Obligations for intelligence activities rose during the period from two-fifths to three-fifths of all obligations and those for cold war activities declined from three-fifths to two-fifths.

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1/ See "Organizational History of CIA, 1950-1953" (1957) especially Chapter X; in DCI/HS files.

2/ As explained below, Chapter II, the analysis of obligations by major activity was based on a distribution of support costs to the different activities. Intelligence activities included covert collection, production, overt collection, and reference services. Cold war activities included political and psychological paramilitary activities.

S E C R E T

S E C R E T

The distribution of manpower resources followed similar trends during the period of those shown above for financial obligations. Considering staff employees only, however, the concentration of manpower in intelligence operations was greater throughout the period than the concentration of financial resources. At the beginning of the period two-thirds and at the end of the period three-quarters of staff employees were in intelligence operations as compared to one-third and one-quarter in cold war operations.<sup>1/</sup>

The CIA costs for foreign, positive, strategic intelligence activities were estimated by the Bureau of the Budget in a study for IAC to be only [redacted] of total 25X1A government costs for such activities in Fiscal Year 1954. The CIA costs rose slightly to comprise nearly [redacted] 25X1A during the next two fiscal years. As far as this type of intelligence activity is concerned the main financial burden was carried by the Defense Departments and related agencies. As used, the term "positive" excludes by illustration Comsec, FBI, or internal security activities, and "strategic" excludes combat or tactical intelligence activities.<sup>2/</sup>

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<sup>1/</sup> Office of Comptroller, CIA Estimate of Requirements Fiscal Year 1958, Congressional Budget, 1 February 1957, SECRET, p. III-B, in Records Center Job 59-417.

<sup>2/</sup> IAC, IAC-D-55/10.1, 9 July 1956, TS #102481

S E C R E T

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The statistical trends in the distribution of manpower resources followed a similar but slightly different pattern. For example, the figures on staff employees show a greater concentration of manpower in intelligence activities throughout the period than there was in money resources. At the beginning of the period two-thirds and at the end of the period three-fourths of staff employees were in intelligence activities. Over the same period, those in cold war activities dropped from one-third to one-fourth.<sup>1/</sup>

The figures for the geographical distribution of staff employees showed a tendency toward greater concentration in headquarters as compared with overseas. While in 1953 the DCI had expressed the view that headquarters should be smaller and the field expanded,<sup>2/</sup> the next three years did not bring about this development. The proportion that departmental employees were of the total increased from

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1/ Office of Comptroller, CIA Estimate of Requirements for Fiscal Years 1955 and 1958, Congressional Budgets, 1 March 1954 and 1 February 1957, SECRET, in Records Center Jobs 58-436 and 59-417.

2/ Office of Training, Remarks of Mr. Allen W. Dulles, 6 November 1953, in Training Bulletin No. 10, 23 November 1953, SECRET.

S E C R E T

60 to 63 percent during the period, that of United States field employees increased from 8 to 10 percent, while that of overseas employees declined from 32 to 27 percent.

In absolute numbers, there were fewer employees overseas and more in headquarters in 1956 than in 1953.<sup>1/</sup> Reduc-

tions in foreign field strength were heaviest in [REDACTED] 25X1A

and the Far East where the end of military occupation and changed political conditions made it difficult to maintain staffs as large as they had been at the beginning of the period.<sup>2/</sup> It was difficult to tell in advance where people would be most needed three or four years later.

Persons were assigned to the places where their services were in greatest need at the moment.

The fact that the ratio of overseas staff employees to headquarters staff employees dropped from a little over one-half to 43 percent may have had some effect upon the practice of rotation between headquarters and the field. In theory, if rotation is to be carried out to the fullest extent, there must be an equal number of positions at headquarters and overseas. This was the situation in the

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1/ See below, Chapter III.

2/ See below, Chapter III.

S E C R E T

Office of Communications and the practice of rotation was found to be highly successful in that office.<sup>1/</sup> The imbalance between headquarters and the field in the Agency as a whole reduced the amount of rotation that was possible from the theoretical point of view, assuming two years as the standard tour of duty both at home and abroad. Of course, many headquarters positions involved duties that had no relation to overseas activities and persons occupying those positions would not normally expect to be sent abroad.

Planning administrative support for intelligence activities and for cold war activities continued to present serious problems. Unforeseen emergencies arose each year for which advance planning was difficult. The device of the contingency fund was effectively used during the period to meet the financial needs of such crises.<sup>2/</sup> As far as emergency personnel needs were concerned, not much headway was made in cutting down the time needed for security investigations, for finding people with unusual qualifications, or for training promising young people in the tradecraft of intelligence and cold war operations.

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1/ See below, Chapter VI.

2/ See below, Chapter II, for a discussion of the contingency fund and its use during the period.

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A proposal was made to establish an Actions Operations Unit which would provide a cadre of personnel skilled in all action aspects of Clandestine Services emergency operations, but the proposal was only partially implemented during the period. Advance planning was also difficult to meet emergency materiel needs. To obtain sterile equipment, especially that of a military nature, was not possible on the spur of the moment. To stockpile such equipment also involved many problems because of the multiplicity of types and the rapidity of obsolescence.

B. Management Advice and Inspection in the Agency as a Whole

At the beginning of 1953, the management advisory functions of the Agency were divided among various offices. The Deputy Director (Administration) was charged with establishing and maintaining a continuous management improvement program to insure both efficiency and economy of operations on an Agency-wide basis. While management improvement within their respective spheres was a concern of all of the offices under the DD/A, the Organization and Methods Service (O&M) of the Office of the Comptroller was specifically charged with analyzing the organizational structure

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of all Agency components, their functions, methods, and procedures, with particular attention to personnel needs and staffing patterns; with furnishing technical and substantive guidance for utilization of business machines; with controlling and publishing Agency-wide regulations and procedures; and with developing a forms control program.<sup>1/</sup> Also under the DD/A, the Records Service Division of the General Services Office directed the Agency records management program which included records disposition, storage of vital materials, and record keeping systems.<sup>2/</sup> Under the DD/P, the Chief of Administration reviewed operations and activities of the DD/P group in order to determine where support weaknesses or deficiencies existed and in order to improve efficiencies and economies.<sup>3/</sup> Under the same group, the Inspection and Review Staff was responsible for reviewing Clandestine Services activities and programs with a view toward determining the need

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1/ [REDACTED] SECRET. See below, "Management Improvement . . .," for fuller discussion of these activities.

2/ Ibid.

3/ Office of Comptroller, Estimate of Requirements Fiscal Year 1956, Bureau of the Budget Submission, Functions and Activities, 15 September 1954, SECRET, in Records Center Job 58-436.

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for changes in organization and procedures as well as in operational emphasis.<sup>1/</sup> In the Office of the Director, the Office of Training gave general courses in management, supervision, and administrative organization and cooperated with other offices which gave specialized courses on financial, logistics and personnel administration.<sup>2/</sup> On behalf of the Director, the Inspector General (IG) was charged with conducting investigations throughout the Agency and with inspecting the performance of missions and exercise of functions of all CIA offices and personnel.<sup>3/</sup> During the period 1953-1956, the IG made a survey of practically every office in the DD/A-DD/S group. His recommendations were the source of many of the organizational changes made during the period, particularly those which affected several offices.

After the Management Staff was transferred to the immediate office of DD/A in April 1954, the DD/A, the IG, and the Chief/MS met to consider the relationship between

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2/ See discussion on training, Vol. 2, p. 269.

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the new MS and the IG. They agreed that it was not feasible to draw a line clearly separating the two functions inasmuch as the IG, in making over-all inspections, had to consider management as well as other aspects of the offices concerned. It was also agreed that the IG would depend upon MS to provide appropriate management studies for inclusion in over-all inspection reports.<sup>1/</sup> In practice this arrangement did not work out since the IG moved much faster than the MS and did not want to wait for a MS study which might take several months to complete. In addition, the MS cultivated a customer relationship and only made a study when requested by a customer office. The Chief/MS said that he ran a separate shop from that of the IG.<sup>2/</sup> The MS was concerned with management improvement within a given office, while the IG ranged more widely and made recommendations regarding jurisdictional disputes between offices.<sup>3/</sup>

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1/ Memorandum for the Record prepared by Acting DD/A, 7 April 1954, MS/IG General Relationship, SECRET, in O/DCI/ER.

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2/ Memorandum for the Record prepared by HS, 17 October 1958, Conversation with Mr. ██████████, Chief/MS, re History of MS 1953-1956, SECRET, in HS files.

3/ Office of Training, Training Bulletin No. 12, 23 November 1953, Remarks of Lyman B. Kirkpatrick, SECRET, in OTR files.

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The comprehensive character of the management improvement program was revealed by the report on this subject made to the Bureau of the Budget for the Fiscal Year 1953 by the DD/A.<sup>1/</sup> The Agency program used all of the generally accepted techniques for reviewing operations to determine the effectiveness and economy of performance. These review techniques included reports, normal supervisory processes, staff conferences, budget estimates and justifications, surveys and special studies. Every part of the Agency was involved in the report. The philosophy of the DD/A was that while any large organization needed to be supported with staffs, task forces, and other mechanisms set up for purposes of planning, coordinating, or monitoring, the true energy and power of an organization came through command channels. He thought that a heavy emphasis should be placed on line management.<sup>2/</sup>

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1/ Letter to the Director of the Bureau of the Budget from Acting DD/A, 5 October 1953, SECRET, transmitting report on Management Improvement Accomplishments Fiscal Year 1953, in MS files.

2/ Memorandum for DCI from DD/S, 19 May 1960, Response to IG's Survey on Career Service. CONFIDENTIAL, in DD/S files.

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In the Intelligence field the management improvement report stated that the establishment of improved procedures, more effective control over the flow of intelligence information, and the scheduling of research, had resulted in increased output, the conservation of manpower and significant economies.

In the Operations field the report found that organizational and procedural studies conducted for the purpose of implementing the over-all reorganization had resulted in improved channels of communication between headquarters and the field, more efficient administration of support of operations, more effective manpower utilization, and more effective operations.

In the Administrative field, the report found that significant gains had been made in personnel management, logistical support and in financial and budgetary areas. Improvement in personnel management was closely linked with the Career Service Program in all its various aspects.<sup>1/</sup> The logistical support elements of the Agency were reorganized in order that an integrated support

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<sup>1/</sup> See discussion on Career Service program, Vol. 2, p. 151.

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program could serve all of the Agency in the most effective, expeditious and economical manner possible. Improved financial controls were established and further use was made of electronic accounting machine methods.

Another unit with management advisory functions was the Office of the General Counsel which during the period was attached to DD/A-DD/S for administrative purposes. This Office was called upon to give advice on all high policy and administrative questions which involved the interpretation of the basic laws, executive orders, and National Security Council Directives. It was concerned with a wide range of administrative procedures which had to conform with Federal laws and governmental regulations on such subjects as use of confidential funds, incorporation budgeting, use of aliens, Federal procurement practices, civil service practices, travel, government security of information. As indicated below, it reviewed all proposed regulations and it reviewed administrative plans when legal questions were involved. It furnished legal advice to operating officials on how certain tasks might be performed and, when the occasion arose, it warned officials about the legal consequences of acts that may have been contemplated.

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C. General Direction of Support Services

The beginning of the Dulles administration in 1953 came some six months after General Smith issued his directive of July 15, 1952, which merged the separate area divisions of OSO and OPC and created the FI, PP, PM, and Administrative Staffs under the jurisdiction of the Deputy Director (Plans). General Smith's concept of the administrative arrangements which went along with these changes in the Clandestine Services was based on the following three principles:

- a. The control administrative organization is not extended separately and in parallel to the operational command system.
- b. Officers responsible for operations, insofar as our resources permit, are allocated personnel, funds, and materiel adequate for the performance of the missions assigned to them. They are held responsible both for the success of their operations and for the practical and effective expenditure of the means allocated.
- c. Subject to paragraphs a. and b. above, the Deputy Director (Administration) is responsible for all administrative support for the Agency. This responsibility extends on operational levels to include appropriate audits and inspections of the handling of funds and materiel allocated to operating offices.<sup>1/</sup>

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<sup>1/</sup> Office of Comptroller, 1955 Bureau of the Budget Submission Material, SECRET, in Records Center Job 436.

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The DD/P was responsible to DCI for all clandestine activities. The Chief of Administration on the staff of DD/P had a position similar to the G-1--G-4 for a field army who had no command over the offices rendering administrative support but who was responsible for insuring that such support was arranged and provided for.

During the first year following the July 1952 directive DD/A worked towards implementing this system. He eliminated considerable overlapping and duplication. About 200 administrative-type positions in the clandestine services area were eliminated and the functions performed by these people were absorbed with relatively minor expansion elsewhere. Integration of overseas activities with the Headquarters system remained to be completed. This involved developing new regulations and indoctrinating and training personnel to implement them.

DD/A took the position that the resources devoted to administration should be the minimum that would insure the success of the mission and not less. He could not arbitrarily decide that for a given year only a certain proportion of the budget would be expended for administration.<sup>1/</sup>

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1/ Ibid.

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There were instances in which to accomplish given missions practically all of the costs might be called "administration." All too frequently an operation was unsuccessful because of failure to provide at the outset a well conceived administrative support plan and to make timely provisions for funds and materiel to carry it out.

For Fiscal Year 1953 administrative support provided by the central administrative offices made up about 11 percent of the total budget.<sup>1/</sup> About one-third of this administrative support was for security. Spread out in some 25X1A [REDACTED] buildings, the guard service alone cost more than \$1,000,000 annually. Support costs under DD/A did not include all costs of administration. Personnel doing administrative work were found in all parts of the Agency. In some cases it was almost impossible to separate administrative support costs from operational costs.

For Fiscal Year 1956 administrative support provided by the central administrative offices on a basis comparable

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1/ Office of Comptroller, Estimate of Requirements for Fiscal Year 1955, Bureau of the Budget Submission, 30 September 1953, SECRET, in Records Center Job 436.

to that mentioned in the above paragraph constituted about 9 percent of the total budget.<sup>1/</sup> This appears to represent a scaling down of the proportion of administrative costs although it must be remembered that the obligations for Fiscal Year 1956 contained some special projects which were not in the earlier budget. Certainly it can be said that there was no increase in administrative costs as reckoned in this fashion. Of course, the addition of the Communications and the Training Offices during the period brought the proportion of support costs under DD/S to a higher figure, namely 22 percent of the total budget.

Deputy Director

A key figure in CIA's administrative support functions was the Deputy Director in charge of these functions whose beginnings dated back to 1950 (and whose origins

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<sup>1/</sup> Subtracting cost of Office of Training and Office of Communications. These were not included in 1953 administrative costs. Figures are taken from Office of Comptroller, CIA Estimate of Requirements for Fiscal Year 1958, Bureau of the Budget Submission, 30 September 1956, SECRET, in Records Center Job 59.

can be traced to CIG and CIA Executive during the period 1946-1950).<sup>1/</sup> He served under the title Deputy Director (Administration) from January 1953 to February 1955 and under the title Deputy Director (Support) from the latter date for the balance of the period and beyond.<sup>2/</sup> Throughout the period he was one of the three "functional" deputies--specifically the principal Deputy Director for administration and support matters affecting the other two Deputy Directorates--those for intelligence and clandestine services, respectively.

Heading the DD/A and DD/S group from 1953 to 1956 were the following: Mr. Walter R. Wolf as DD/A from January 1953 until June 30, 1953, (he had served as DD/A since April 1951), Col. Lawrence K. White as acting DD/A from July 1, 1953, until May 21, 1954, (he had served as Assistant DD/A since 1951), Col. White as DD/A (the acting being dropped) from May 21, 1954, until February 3, 1955, when the position of DD/A was renamed DD/S, and

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1/ See "Organizational History of CIA, 1950-53" (1957), especially Chapter X on the DD/A group and its predecessors.

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2/ CIA [REDACTED], Organization and Functions, SECRET.

Col. White as DD/S from that date to the end of the period and beyond.<sup>1/</sup> Col. White thus furnished considerable continuity to the top leadership of the Agency's support group during the period from January 1953 to December 1956.

In the immediate office of the DD/A there was an Assistant DD/A. Col. White held this position from about December 1951 until May 21, 1954, when he was officially appointed DD/A. After a lapse of four months the appointment of Mr. H. Gates Lloyd, senior officer in the DD/P group, was announced as Assistant DD/A.<sup>2/</sup> Mr. Lloyd held that position until February 1955 when he was appointed Assistant DD/S in connection with the reorganization of that date.

On several occasions during the period under consideration there was a need for an acting DD/A or an acting DD/S, during the temporary absence of the senior official. Apparently, for the period from January to June 1953, Mr. Wolf was not officially absent.<sup>3/</sup> During his

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1/ CIA Notice No. [REDACTED] 19 June 1953, Announcement of Assignments to Key Positions, SECRET, and No. [REDACTED] 21 May 1954, same subject, SECRET.

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2/ CIA Notice No. [REDACTED] 26 July 1954, (effective 1 September 1954), SECRET.

3/ According to the P Notices for that period.

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tenure as acting and official DD/A, Col. White was absent on two occasions, from April 19 to the 26th, 1954, and from August 14 to September 3, 1954.<sup>1/</sup> During both of these intervals the acting DD/A was Mr. Lawrence R. Houston, General Counsel.<sup>2/</sup> During the later DD/S period, Col. White was absent on three occasions: from August 4 to September 4, 1955; from July 27 to August 13, 1956; and from August 21, to October 26, 1956.<sup>3/</sup> During these three intervals, H. Gates Lloyd was the Acting DD/S.

As of early 1953 the DD/A was in charge of the following offices which made up the DD/A group: Audit Office (and Auditor in Chief), General Counsel, Personnel Office, Security Office, Comptroller, Logistics Office, Medical Office, General Services Office.<sup>4/</sup> It is to be noted that at the time DD/P had his own Chief of Administration,

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1/ CIA Notices Nos. [REDACTED] 15 April and 27 July 1954, SECRET.

2/ Ibid.

3/ CIA Notices Nos. [REDACTED] 1 August 1955, 26 July 1956, and 16 August 1956, all CONFIDENTIAL.

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4/ CIA Regulation No. [REDACTED] 20 March 1953, SECRET. In January 1953, the Security Office was called Inspection and Security Office (I&S), and the Logistics Office was called Procurement and Supply Office (P&SO).

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and that the Office of Training and the Office of Communications (transferred from DD/P on March 20, 1953) were directly under DCI. The Organization and Methods Service was under the Office of the Comptroller at that time.

Within the next year and a half there were a number of shifts and changes made which affected the DD/A group. In January 1954 the Office of Personnel was transferred to the Office of DCI on the recommendation of the DDCI.<sup>1/</sup> Col. White opposed this move and a year later was vindicated by the transfer back of OP to DD/S. On February 8, 1954, the General Services Office was liquidated and most of its functions were transferred to the Logistics Office.<sup>2/</sup> On April 5, 1954, the Management Improvement Staff was transferred from the Office of the Comptroller to the immediate Office of DD/A and renamed the Management Staff (MS.).<sup>3/</sup>

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1/ CIA Regulation No. [REDACTED] 18 January 1954, SECRET, and No. [REDACTED] SECRET. Memorandum for the Record, 8 October 1958, Subject: Interview with Col. L. K. White, DD/S, 6 October 1958, re History of DD/S, 1953-1956, SECRET, in HS files.

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2/ CIA Notice No. [REDACTED] 8 February 1954, SECRET.

3/ CIA Regulation [REDACTED], 5 April 1954, SECRET.

As far as organizational matters were concerned, Col. White held to the principle that there should be a unified system of support for the entire Agency. He took the position that there should be a single DD/S and that no support functions should be set up separately in DCI.<sup>1/</sup> His views were to prevail in early 1955. While the Assistant Directors of Communications, Personnel, and Training were nominally grouped with the three Deputies into what was called in the Agency the "Big Six," actually the three Assistant Directors were the "Little Three" and they did not come to morning meetings of the Deputies through which the Director ran the Agency. Col. White pointed out that personnel matters were closely linked with budget, financial, and security matters. In February 1955, the Director, on his own initiative, decided to concentrate responsibility for all administrative support matters in DD/A. It was his idea to merge DD/P/Admin and DD/A. Col. White talked to DD/P and his Chief of Operations about the change and at first he met resistance. Finally DD/P said to Col. White, "You take it." The

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<sup>1/</sup> Memorandum for DCI from DD/S, 20 August 1956, Subject: Report of IG on O/DD/S, MS, and OGC, SECRET, in O/DCI/ER.

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Director added, "I'm going to put personnel back under "Red" (Col. White)." Then the IG said, "If you're going to do this, why not put OTR and Commo also under DD/A." General Cabell said about the plan, "I buy that." Then someone said, "Let's call the office DD/S, after the analogy of military support functions." The reorganization order of February 1955 was the result.<sup>1/</sup>

When DD/S was first organized, Col. White appointed a number of functional assistants. He had a Special Assistant to DD/S (Logistics), a similar officer for Finance, one for Personnel, one for Training, and one for Administrative Career Service. The theory behind these special assistants was that the DD/S would have to solve many administrative problems and these specialists would be in touch with the different office chiefs. Experience showed that his system meant that the work was handled twice. In 1956 the IG recommended that the DD/S discontinue liaison-type Special Assistants, and instead develop a small personal staff of carefully selected

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1/ CIA Notice No. [REDACTED] SECRET and Memorandum for the Record, 8  
October 1958, Interview with Col. White, in HS files.

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generalists qualified to assist him in developing and coordinating policies of over-all DD/S applications. The DD/S concurred and indicated that the Special Assistants in his office were being reduced in number. Those who remained had responsibility for special assignments but they also functioned as generalists. They had had overseas assignments or had worked with DD/P organizations and understood operational and administrative problems. He was developing a staff of generalists of this sort who understood the Clandestine Services.<sup>1/</sup>

The IG's survey of the Office of DD/S made in 1956 implied that the DD/S tried to carry too much of the support load personally and recommended that the DCI establish an Executive Director, or Chief of Staff, responsible for supervising and coordinating activities transcending the responsibilities of more than one Deputy. The DD/S regarded this as equivalent to establishing a fourth Deputy Directorate which would mean that the Deputy Directors for Intelligence and Plans would have to look to two Deputies for coordination of

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1/ Ibid.

their total support rather than one and which would complicate rather than simplify existing supervisory and coordinating mechanisms and procedures.<sup>1/</sup>

In a similar vein, the IG recommended that the DCI relieve the DD/S of personal responsibility for special assignments, such as the new building, and permit the DD/S to devote maximum time to the direction of the twelve offices and staffs reporting to him. The DD/S said that he thought the new building was appropriately assigned to the DD/S. While it imposed a heavy load, it was a job which required continuing high level attention. Col. White doubted seriously that any other arrangement would have been less of a headache either to DD/S or the Director.<sup>2/</sup>

During the period the centralization of support functions remained under the DD/S. The Director did not appoint a Chief of Staff or take the new building assignment away from DD/S.

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1/ Memorandum for DCI from DD/S, 20 August 1956.

2/ Ibid.

Special Administrative Support for DD/P

Prior to the reorganization of February 1955, the Chief of Administration, DD/P, reported to DD/P, not to DD/A. Under this system it was impossible for the Director to hold DD/A responsible for all administrative support matters. There were many projects which were handled directly by DD/P/Admin. The trouble with this setup was (1) that DD/P/Admin tended to be a bottle neck through which the area divisions and staffs had to go to get services needed and (2) that he had no line control over support officers. DD/P/Admin was an unnecessary channel and he did not have authority over the Comptroller and other support officers upon whom he depended for support services. By changing the name of DD/P/Admin to Special Support Assistant and placing him in DD/S, the two disadvantages were eliminated. SSA/DD/S became an extension of DD/S and when SSA went to the Comptroller or to other support offices he spoke for DD/S. In addition, DD/S encouraged area divisions to go directly to the support services as often as possible.<sup>1/</sup>

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1/ Memorandum for the Record, 2 June 1960, Subject: Conversation with Col. L. K. White, DD/S, Regarding History of DD/S Group, 1953-1956, SECRET, in HS files, "DD/S History . . ." folder.

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After a year and a half of experience with the SSA arrangement, the IG proposed a return to the old plan. In a memorandum for the Director, Col. White defended the SSA/DDS plan as follows:

The authorities delegated by the DD/P to SSA/DDS do in a sense require that the SSA "serve two masters," but the delegations are clearly on administrative matters. I feel strongly that a DD/P administrative staff should not duplicate DD/S functional components. I believe our present organization has proven its soundness in this respect...

There is no question in my mind that the present arrangement whereby the Comptroller furnishes the budget and fiscal service to the DD/P is in the Agency's best interest. I do not concur in returning these responsibilities to the DD/P.

SSA representatives have done much to establish a bond between operations and support and have provided "spot" assistance in all administrative fields. Because of physical proximity to the DD/P offices there has been a tendency for SSA representatives to engage in some support activities provided by major offices. This had decreased greatly and the SSA representatives are devoting their efforts to assisting DD/P in staffing of sensitive matters, coordinating and helping on matters involving major policy, and insuring that Clandestine Services receive adequate, proper and timely support in their activities. I shall continue to make every effort to improve this situation.1/

The Director accepted Col. White's position regarding the soundness of the SSA/DDS system. Part of the secret

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1/ Memorandum for DCI from DD/S, 20 August 1956, Subject: Report of IG's Survey of O/DD/S, MS, and OGC, SECRET, in O/DCI/ER.

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of the successful operation of the system lay in the development of a corps of senior support officers who had served in a variety of positions at headquarters in both the DD/S and DD/P organizations, as well as in the field. Rotation and cross-fertilization brought a better personal understanding between personnel engaged in Operations, Intelligence, and Support. At the end of the period about 80 percent of the senior support officers in DD/S had had such experience.

Career service in support functions was accepted by Clandestine Services after the reorganization of 1955. DD/P looked to DD/S components to hire and train support specialists. This was done on a world-wide basis and it facilitated the rotation and career development of administrative personnel.

In the immediate office of DD/A there was an Assistant DD/A. Col. White held this position from about December 1951 until May 21, 1954, when he was officially appointed DD/A. After a lapse of four months the appointment of Mr. H. Gates Lloyd, senior DD/P officer, as Assistant DD/A was announced.<sup>1/</sup>

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1/ CIA Notice No. [REDACTED] 26 July 1954, SECRET.

Mr. Lloyd held that position until February 1955 when he was appointed Assistant DD/S in connection with the reorganization. The Assistant Deputy Director became the Acting Deputy Director upon the absence of the DD/A-- DD/S.<sup>1/</sup>

During the entire period a post rendering special service to DD/P was located in the immediate office of the Deputy Director, called Project Administrative Planning Staff (PAPS).<sup>2/</sup> This staff dealt primarily with proprietary projects. It provided staff assistance in connection with the development of Administrative Plans for projects which did not lend themselves to the ordinary regulations regarding accounting and security. In August 1956 the IG recommended that the Staff as an entity be abolished, that its function of the preparation of Administrative Plans be assigned to appropriate DD/P components, and that technical guidance to DD/P components in the preparation of Administrative Plans be provided by the Office of the Comptroller. DD/S opposed placing

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1/ Ibid.

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2/ CIA Notice

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the technical guidance responsibility in the Office of the Comptroller because the General Counsel, the Chief of Logistics, the Director of Personnel, and other officers were concerned with Administrative Plans. Often high level determinations were involved and the small staff representing DD/S in advice and assistance could aid in administrative policy when the objectives of a project had been determined. Within six months, PAPS was abolished and its advisory functions were transferred to the Commercial Staff.<sup>1/</sup>

As a part of the reorganization of February 1955, the Commercial Division, DD/P, was reassigned to the Office of the newly created DD/S, as the Commercial Staff. Shortly after the transfer, the DD/S requested the IG to make a survey of the Commercial Staff. The IG's Office completed this survey in July 1955. It included recommendations for clarification of functions, duties and definitions, and for certain organizational adjustments which would have amalgamated the Commercial

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1/ CIA Notice  
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Staff, the Cover Division of DD/P, PAPS, and the Covert Office of the Office of the General Counsel.<sup>1/</sup> While as seen above the amalgamation was only partially carried out, the other recommendations were mostly adopted. A new Commercial Staff functional statement was issued in February 1957.<sup>2/</sup> A new Administrative Plan regulation (outlining responsibilities and restating definitions of proprietaries, subsidies and operational investments) was issued in March 1957.<sup>3/</sup> The Finance Division was designated as the official reporting unit for the monetary status of proprietary projects.

The predecessor organizations of the Commercial Staff were established at a time when the Agency, because of extreme military and political pressures in the Far East and Europe, was establishing a relatively large number of proprietary companies. The unit's purposes

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1/ Commercial Staff, History of the Commercial Staff, 1953-1956, submitted to O/DCI/HS, 29 January 1959, SECRET.

2/ CIA Regulation No. [REDACTED] 6 February 1957, Change 2, SECRET.

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3/ CIA Regulation [REDACTED] SECRET.

were to oversee the development and operation of such companies, and of any project operations with commercial aspects. It also was expected to provide technical and professional competence in the field of business, to ensure that such projects, with their large budgets, were handled in accord with good business practice and in the best over-all interest of the Agency.<sup>1/</sup> The Commercial Staff was both an internal protective device, and a mechanism for advancing operations through the preservation of cover, the stretching of funds, etc.

Initially, all new proprietary, subsidy, operational investment and preclusive buying projects passed through the Commercial Staff for review, sign-off, comment, and concurrence before they finally were approved at the higher levels. With the establishment, in April 1955, of the Office of SSA/DDS, an initial review of projects was made by SSA/DDS. Thus, only those new projects actions which, in the view of SSA/DDS, had commercial implications were forwarded to Commercial Staff for

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coordination and comment. This development, in effect, cut the Commercial Staff out of the early planning phases of many projects, as often plans were drawn and commitments made before projects were presented for SSA/DDS review and approval. A later requirement, however, that Administrative Plans accompany Project Outlines through the Project Review Committee brought the Commercial Staff more actively back into the proprietary project planning cycle.

Until April 1957, PAPS continued to have responsibility for the drafting of Administrative Plans. The Commercial Staff was required to coordinate, and sometimes even draft, appropriated sections of Plans. Over a period of time, however, PAPS developed a tendency to develop Plans so detailed in all their aspects that it often was impossible for case officers, and the project organizations, to comply and still effectively utilize the project mechanism for covert operations. Ultimately, it was realized that there must be a middle ground between efficient commercial management, and effective operations.

The solution of the problem of management of commercial companies was the assignment to the Commercial Staff the function of advising and assisting Agency components in the commercial and business aspects of their operations as they related to the establishment, operation, or liquidation of proprietary, investment and subsidy activities. This concept placed the Staff primarily, although not exclusively, in an advisory and consulting role, with a capacity for supervision or direct control of project company management when specifically requested. During 1953-1956, the Commercial Staff assumed direct operating responsibility for six projects. In addition, it normally had operating responsibility for projects in liquidation.

During the period under consideration, and at the request of the DD/S, an internal study group, with representatives from Commercial Staff, Office of the General Counsel, and PAPS, completed in December 1956 a study of "Business, Banking and Legal Practices in Covert Projects under Non-Government Cover." This group pointed up the continuing need and usefulness of proprietary cover, and offered a number of suggestions for improving its use.

In addition to its frequent relationships with PAPS, SSA/DDS, and the General Council's Office, the Commercial Staff had business with the Audit Staff, Central Cover, and the Office of the Comptroller. In arranging for the audit of Agency proprietaries, the Audit Staff frequently levied management and accounting requirements on the Commercial Staff. The Central Cover Division of DD/P was concerned with the utility and mechanics of placing individuals under the cover of business organizations under proprietary projects. During the period, the Commercial Staff had to resolve its differences of opinion with Central Cover Division as to procedure and technique. With the Technical Accounting Staff on the Office of the Comptroller, the Commercial Staff maintained day-to-day relationships regarding systems of accounts for Agency business organizations.

Administrative Support for DD/I

The DD/I did not have as many and as complicated administrative problems as the DD/P. A larger proportion of the DD/I personnel were located in headquarters and most of those in the field were not under the same strict security controls that characterized the DD/P

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overseas organization. [REDACTED]

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At the beginning of the period both the DD/I and the DD/P had their own administrative staffs which were designed to maintain liaison with the administrative support staffs and to expedite the obtaining of financial, personnel, logistical, communications, and other forms of administrative support. As has been pointed out above, the administrative staff of DD/P was transferred to the DD/S under the reorganization of February 1955. This did not happen to the administrative staff of the DD/I.

In his 1956 Survey of the Office of DD/S, the IG recommended that DD/S confer with the DD/I, establish a program for the rotation of administrative career personnel between the two areas, and develop other broad policies designed to incorporate DD/I more fully into Agency support Planning activities.

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The DD/S conferred with the DD/I regarding the location of administrative career people in the DD/I area. The DD/I preferred to place these administrative people under the DD/I career services. As a result of this policy, administrative people in DD/I had limited opportunities for rotation or promotion as compared with the administrative people under the Support Career Service. Administrative people in DD/I soon reached a ceiling and had no place to go. DD/S could not remedy this situation as long as the DD/I kept to this policy.

Management Improvement Advisory Services in DD/S

During the first fifteen months of the period there was some shifting about of the management improvement services within the DD/A area but the backbone of the services remained the Organization and Methods Service (O&M) which started out in the Office of the Comptroller. On February 17, 1953, the standard Agency correspondence system and forms control program was transferred from the O&M Service to the Records Service Division, General Services Office.<sup>1/</sup> Shortly afterward

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1/ CIA Notice No. [REDACTED] 17 February 1953, CONFIDENTIAL.

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the staff in charge of regulations and notices was shifted  
from the O&M Service to the immediate Office of DD/A.<sup>1/</sup>  
The O&M Service itself was renamed the Management Improve-  
ment Staff (MIS) on November 17, 1953.<sup>2/</sup> At the time of  
the liquidation of the General Services Division, Feb-  
ruary 8, 1954, the Records Management Section and Records  
Center Section were transferred to MIS.<sup>3/</sup> On April 5,  
1954, the MIS was transferred to the immediate Office  
of DD/A, renamed the Management Staff (MS) and enlarged  
to include the Regulations Control Staff.<sup>4/</sup> The new  
MS included an O&M Staff, a Business Machine Service, a  
Records Management Division, and a Regulations Control  
Staff. Mr. [REDACTED] who had been Assistant Deputy  
Director Administration (Special), was made the chief  
of the new staff.<sup>5/</sup>

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1/ CIA Telephone Directories, January and April 1953,  
SECRET.

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While the MS remained for the balance of the period in the DD/A--DD/S group,<sup>1/</sup> there was some discussion of moving the function to a higher echelon. In 1956 the IG recommended that the MS be transferred to the Office of the Director and that it come under the immediate supervision of the DDCI or of an Executive Director if such a position were established. The DD/S held that such a move would violate the Director's concept of minimizing the number of component heads reporting to his office and it would dilute the responsibility of operators. He knew of no instance in which a Deputy Director had failed to cooperate with the MS in its present organizational location and he doubted that it would be more effective reporting direct to the Director.<sup>2/</sup>

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- 1/ When the DD/A was changed to DD/S on 3 February 1955, MS instead of being attached to the immediate office of DD/S was given an independent status as a staff, reporting to DD/S as did Medical Staff and the Audit Staff. CIA Notice No. [REDACTED] 3 February 1955, SECRET, in Records Center.
- 2/ Memorandum for DCI from DD/S, 20 August 1956, Subject: Report of IG's Survey of O/DD/S, the MS, and O/GC, SECRET, in O/DCI/ER, in DD/S file.

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Early in the period, three O&M sections were established, one each for the DD/P, DD/I, and DD/A--DD/S areas. This arrangement was challenged in 1956 by the IG who recommended that the three sections be consolidated into a single staff under the supervision of a Chief, O&M, reporting to the Chief, MS. The DD/S replied that sectionalizing the small O&M Staff had been desirable because it permitted specialization resulting in the ability to deal with problems effectively. Specialists in management who were daily assigned to an operational entity found greater acceptance, more freedom of action and more positive inter-change of ideas than generalists in management.<sup>1/</sup>

The Agency management improvement program used all of the generally accepted techniques for reviewing operations to determine the effectiveness and economy of performance. These review techniques included reports, normal supervisory processes, staff conferences, budget estimates and justifications, surveys and special studies.<sup>2/</sup>

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1/ Ibid.

2/ Letter to the Director of the Bureau of the Budget from Acting DD/A, 5 October 1953, SECRET, transmitting report on management improvement accomplishments Fiscal Year 1953, in MS files.

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Management studies by the Management Staff were conducted in collaboration with operating personnel. Internally the MS used a coordinated "team" approach, bringing to bear the knowledge and skills of all components of the MS on problems coming to the attention of any single component. The Chief of MS designated the O&M representative as the focal point for using the collaborative approach in management studies in each of the three areas: DD/S, DD/I, and DD/P. In the DD/P area, some surveys were made jointly with the I&R Staff.<sup>1/</sup> The MS also conducted liaison with Government and non-government organizations in the development of new and improved methods and techniques.

The MS collaborated with I&R Staff in making administrative management studies for DD/P both in headquarters and in the field. Acting as inspector for I&R Staff, the MS conducted complete annual types of inspection of selected headquarters units, including organization, functions and procedures, personnel utilization and morale, physical security, records and records management, support evaluation, space layout and general efficiency. Acting as a

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1/ Memorandum for C/MS from C/O&M/DD/P Area, 17 January 1955, Management Staff Accomplishments in DD/P Area, 1 January 1954-1 January 1955, SECRET, in MS files.

member of I&R inspection teams, MS representatives conducted inspections of selected field stations as requested. Such inspections included fiscal records, cash position, liaison, personnel utilization and morale, physical security, records system condition and procedures, motor vehicle use, procurement and supply functions, quarters allowances, living conditions, dependents medical and educational facilities, headquarters support, space and field station management.

Table of Organization (T/O) changes were processed by the O&M Staff.<sup>1/</sup> These varied from routine actions such as the transfer of a single position to major reorganizations. T/O change proposals required study of the mission and functions, organizational structure, staffing pattern and deployment of manpower resources. MS was responsible also for determining the availability of funds, and coordination with the Comptroller and Assistant Director for Personnel prior to the preparation of recommendations to the DD/S for approval or disapproval of

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1/ CIA Regulation No. [REDACTED] 16 April 1954, and 15 May 1956.

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proposed changes. During the period the MS used its powers to reduce the gap between T/O's and ceilings.<sup>1/</sup> A commonly recommended action was the reduction of the T/O to the level of the ceiling. Among the other objectives of reorganizations were the elimination of overlapping responsibilities and the improvement of staff direction.

The MS made procedural studies for all parts of the Agency and it claimed that its recommendations resulted in substantial savings in money, time and manpower and in improved efficiency. For example, it reported that the Pouch Service Survey made for DD/P resulted in estimated savings to the Agency of over \$196,000 per year through cost reductions in commercial transportation, per diem and personnel salaries.<sup>2/</sup> In collaboration with the Office of the Comptroller it recommended procedures which decreased the lag time required for

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- 1/ Memorandum for C/MS from Assistant Management Officer DD/I Area, 22 December 1954, Progress Report, Calendar Year 1954, SECRET, in MS files.
- 2/ Memorandum for C/MS from C/O&M Staff, DD/P Area, 13 July 1956, Management Staff Accomplishment Within the DD/P Area During FY 1956, SECRET, in MS files.

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recording financial transactions and which reduced posting errors and delinquent accounts.<sup>1/</sup> Working with the Office of Logistics it helped develop procedures for worldwide control of property and stock accountability.<sup>2/</sup> In cooperation with the various components of DD/I, it studied the flow of intelligence documents and recommended changes in paperwork management which resulted in reduction in number of personnel handling documents, simplified handling and filing procedures, elimination of backlog and overtime, and speeding up of deliveries of documents.<sup>3/</sup>

The Records Management Staff was responsible during the period for directing the Agency's records management program which included: the preservation, transfer and destruction of Agency records according to approved schedules; the selection and transfer to a repository of those records (Vital Materials) essential to the operations of the Agency during an emergency; improvement of record systems; development of standard procedures, equipment

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1/ MS, Major Accomplishments, DD/S Area, 12 October 1955, SECRET, in MS files.

2/ MS, Accomplishments, Calendar Year 1954, DD/A Area, SECRET, in MS files.

3/ MS, Major DD/I Area Management Improvements FY 1955, 12 October 1955, SECRET, in MS files.

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and supplies for file maintenance; provision of a forms control service as a means of reducing the number of forms used and of improving the forms retained; application of improved style standards and procedures for preparation and handling of correspondence; and improvement of administrative reporting.<sup>1/</sup>

During the period the Records Management Staff conducted surveys in more than two-thirds of the CIA offices to develop records control schedules. One of the purposes of these schedules was the saving of office space by the retirement and destruction of records not in active use in conformance with the requirements of the Federal Records Act of 1950.<sup>2/</sup> The schedules were inventories of the records of each office on which was indicated the "temporary" or "permanent" character of each file. Temporary records were marked for destruction after varying lapses of time. The program also included maintaining storage and reference services for retired records. For

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1/ CIA Regulation No. [REDACTED] 14 July 1951, CONFIDENTIAL, was the basic regulation on the Records Management Program during the period. It was explained in [REDACTED] [REDACTED] September 1953, RESTRICTED, in Records Center.

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2/ Public Law 754.

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this purpose a CIA Records Center was established to house temporary records for short periods of time and permanent records indefinitely. During the first part of the period the Records Center was located in temporary quarters in Rosslyn, Virginia, but in April 1955 it was moved to the [REDACTED] installation, where a building had been especially designed and built <sup>1/</sup> to house CIA records.

25X1A A feature of the Records Management Program was the designation by each office of an Area Records Officer who had responsibility for maintaining an internal records program.<sup>2/</sup> In 1956 the IG recommended that the designation of such officers be discontinued. The DD/S stated that he did not believe discontinuance of Area Records Officers would be practical. Operating Officials could best avail themselves of the services of the Records Management Staff through a knowledgeable individual

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1/ MS, Records Management Staff, Accomplishments January-June 1955, 9 August 1955, SECRET, in MS files.

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2/ CIA Regulation No. [REDACTED] 14 July 1951, CONFIDENTIAL, in Records Center.

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who understood his parent organization and records processing.<sup>1/</sup> The Area Records Officer continued to be responsible for actively supervising the record processing in his particular office or area daily.

One measure of its accomplishments which the Records Management Staff used was the amount of records transferred to the Records Center and the amount destroyed. Total records in the Center at the end of Fiscal Year 1956 amounted to 27,903 cubic feet, equivalent to 3,488 safe cabinets with a replacement value of over \$1,000,000. Up to this time some 4,875 cubic feet of records had been destroyed.<sup>2/</sup>

The Records Management Staff also furnished information to the operating offices regarding the Vital Materials Program. It helped develop Vital Materials Records Schedules for all Agency offices for the deposit of Vital Materials in accordance with Agency needs and Office of Defense Mobilization standards. Deposits were made in the

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<sup>1/</sup> Memorandum for DCI from DD/S, 20 August 1956, SECRET, Report of IG's Survey of O/DD/S, MS, and O/GC, in O/DCI/ER.

<sup>2/</sup> Memorandum to C/MS, from Chief/RMS, 16 July 1956, Report of Accomplishments for the Period 1 January-30 June 1956, SECRET, in MS files. The MS Chart, Cumulative Receipt and Disposition of Records at the Records Center by Fiscal Year, 20 October 1958, SECRET, in HS files, shows the program was just getting under way at the beginning of Fiscal Year 1953. At that time only 2,211 cubic feet of records were on hand in the Records Center.

Records Center in the form of microfilm, tabulating machine cards, and hard copy documents.<sup>1/</sup> In connection with the annual emergency evacuation exercises (Operation Alert), offices were asked if the materials were satisfactory, sufficient, and workable. In 1956 exercise, no difficulty was experienced in locating and furnishing asked-for records.<sup>2/</sup>

The remaining functions of the Records Management Staff included forms management, reports management, and correspondence standards. Many forms were revised and some were eliminated. The Staff defined and promoted standards for printing and utilizing forms resulting in standard sterilization practices, greater utilization of forms of other Government agencies, improved distribution of forms, and conservation of supplies of forms.<sup>3/</sup>

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1/ MS, Records Management Division, Accomplishments Calendar Year 1954, SECRET, in MS files.

2/ Office of Comptroller, Bureau of Budget Hearings on FY 1958 Budget, SECRET, in Records Center.

3/ Records Management Staff, Accomplishments January-June 1955, 9 August 1955, SECRET, in MS files.

Administrative reports of various components were inventoried and appraised and recommendations were made to reduce reporting workloads. A handbook was completed on Correspondence Style Standards and Procedures which described labor saving practices and established formats and styles.<sup>1/</sup> Guides on effective letter writing, the use of form and pattern letters, and correspondence management were also prepared and disseminated.

The Business Machines Service Staff acted on an Agency-wide basis as technical advisor on the application and utilization of business machines and related equipment. It approved purchase or lease of new equipment and it reviewed the use of such equipment anywhere within the Agency.<sup>2/</sup> It was directed to collaborate with the Machine Division of the Office of Central Reference in research and development of new machines and techniques and in giving advice and assistance throughout CIA on appropriate methods and systems. The Machine Records Division of the Office of the Comptroller was responsible

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for the development and application of tabulating machine techniques in the keeping of records, primarily in the administrative field. It was directed to consult with the Management Staff on the application of machine methods to particular situations..

The recommendations of the Business Machines Service Staff extended to both administrative and operational activities. In the administrative field it helped revise the punched-card procedure in the sick and annual leave field in the Office of the Comptroller, it recommended use of Flexoprint method for production of Agency supply catalogs, and it devised procedures for mechanizing the preparation and maintenance of personnel records. In the operational field, it developed procedures to apply punched-card methods to CE operational needs, in collaboration with OCR it recommended use of Minicard equipment for indexing and retrieving of intelligence materials, and it directed the installation of IBM equipment and Flexowriters to service the Records Integration Division, Foreign Intelligence Staff operational needs. The use of office business machines reportedly brought savings in money, time

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and manpower. It also increased the accuracy and the value of materials processed.<sup>1/</sup>

The Regulations Control Staff was responsible for assisting in the general development of proposed regulatory issuances through advice and editing, assisting in the formal coordination of proposed regulatory issuances, recommending amendments, revisions or rescissions of Agency regulatory material, supervising the distribution of regulatory issuances, and maintaining official records of the coordination and authentication. Its jurisdiction did not extend to technical publications for field distribution pertaining only to activities under DD/P or DD/S for which special security was required.<sup>2/</sup>

Among the accomplishments of the Regulations Control Staff during the period were the incorporation of Confidential Funds Regulations in the Agency regulatory system, the preparation of a study of regulation distribution problems, the preparation of a publication of a complete

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1/ Management Staff, Business Machines Service, Projects Completed during Calendar Year 1954, SECRET, Accomplishments, Fiscal Year 1955, 12 October 1955, SECRET, and Function and Work Accomplishment, 1 July 1955-31 December 1955, 19 March 1956, SECRET, in MS files.

2/ CIA Regulation [REDACTED]

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SECRET, in Records

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index of all regulatory issuances, and the processing of between three and four hundred proposed regulatory issuances each year.<sup>1/</sup>

Throughout the Agency there was continued interest during the period in improving the regulatory system. The DD/S group took the lead in trying to streamline the regulations so as to simplify reporting and accounting. Some of the offices under DD/S filled in the gaps and thoroughly revised the regulations concerning their activities. This was particularly true of the accounting, personnel, and logistics fields. Shortly after the end of the period under consideration a special staff began preparing a Regulations Digest for Small Stations which summarized the regulations in convenient form and helped guide field personnel through the maze of Agency issuances.<sup>2/</sup>

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- 1/ Management Staff, Regulations Control Staff, Annual Review 1954, CONFIDENTIAL, Progress Report, Fiscal Year 1955, 13 July 1955, SECRET, and Function and Work Accomplishment, First Half of Fiscal Year 1956, 19 March 1956, SECRET, and Report of Accomplishment, January through June 1956, 6 July 1956, CONFIDENTIAL, in MS files.
- 2/ Work on the Digest was begun in 1957. The first Digest was issued in April 1958. A revision was issued in 1960.

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Staffing and Career Service in the Support Area

25X9 The number of civilian employees in the DD/A--DD/S group increased from [REDACTED] as of December 31, 1952 to [REDACTED] as of January 31, 1957. Almost all of this increase came in Communications, Training, Logistics, Security, and Personnel Offices.<sup>1/</sup> The immediate Office of Deputy increased three-fold but this was largely the result of the addition of DD/P/Admin and Regulations Control. The Office of the Comptroller and the Management Staff remained fairly stable during the period. In relation to the total manpower strength of the Agency, the DD/S group remained around 30 percent during the entire period. In other words, it grew about the same rate as other parts of the Agency.

Each of the six main offices under DD/S had its own Panel under the Support Career Service Board: Communications, Comptroller, Logistics, Personnel, Security,

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<sup>1/</sup> Office of Personnel, Survey Task Force Black Book, 13 December 1954, SECRET, in OP and Office of Comptroller, Estimate of Requirements Fiscal Year 1958, Congressional Budget, 1 February 1957, SECRET, in Records Center Job 59-417.

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and Training.<sup>1/</sup> Of the Staffs, just the Medical Staff had its own Panel, while the others were grouped under the Administration Career Service Board. As pointed out below, the Office of Communications was a pilot office for developing new career service principles.

While the 1960 Survey on Career Service by the IG was made after the period under discussion, the replies received from the DD/S components reflected experience which had been gained during the period 1953-1956. There was general agreement in the reports of DD/S Office Heads on the Survey that the IG condemned too strongly the system and its shortcomings and failed to recognize some accomplishments it had achieved. Most commentators were unwilling to accept the statements or implications that the career system had failed. There was objection to the idea that "throughout the Agency career planning is viewed as a burdensome exercise," that "the Agency has little to offer young people that will make a career in intelligence

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25X1A<sup>1/</sup> CIA Regulation No [REDACTED] SECRET, 25 May 1953, revised 25 June 1954, revised 25 June 1955, revised 15 December 1955.

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work attractive," and that under the present system there was little chance for advancement. Implicit in every report was the idea that it would be better to use and modify existing mechanisms and procedures rather than scrap what had been achieved and attempt to establish a completely new system.

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1/ Memorandum for DCI from DD/S, 19 May 1960, Subject: Response to Inspector General's Survey on Career Service, Tab B, CONFIDENTIAL.

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CIA SUPPORT FUNCTIONS:  
ORGANIZATION AND ACCOMPLISHMENTS OF THE DDA/DDS GROUP,

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1953-1956

by [REDACTED] DCI/HS

Chapter II. FINANCIAL ADMINISTRATION OF CIA, FISCAL YEARS  
1953-1957<sup>1/</sup>

A. Budgeting

General

Responsibility for the financial administration of CIA continued during the period to be shared by the Director, the Project Review Committee, the Agency components, the Office of the Comptroller, and the Audit Staff.<sup>2/</sup> Financial management continued to involve three basic functions: (1) budgeting or planning for securing and authorizing the use of the financial resources required to accomplish the program objectives of the Agency; (2) accounting or controlling the use of the financial resources and providing the basic records in discharging the custodial responsibility to the taxpayer through the Congress, General Accounting Office, and the Bureau of

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1/ This chapter was drafted by Mr. [REDACTED] in March 1960.

2/ Office of Comptroller, Central Intelligence Agency Budget Process, Formulation, Adoption, Execution, 3 January 1955, SECRET, copy of chart in History of the Office of the Comptroller, 10 February 1960, SECRET, in DCI/HS files.

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the Budget for seeing that the funds granted to the Agency were spent for the purposes intended and within the provisions of Federal laws and regulations; and (3) evaluating or utilizing financial reports to analyze costs and program accomplishments in relation to planned operations.

The Director of Central Intelligence continued to make key decisions regarding the Agency's budget in accordance with general government procedures. He first reviewed the summarized office estimates and discussed them with the Bureau of the Budget for budget ceiling purposes. He then determined the financial and operating policy and approved budget allowances for each component within the budget ceiling agreed to by the Bureau of the Budget. The submission of Agency estimates to the Bureau of the Budget and their justification at Bureau of the Budget hearings were also functions of his office. His approval was then secured for the changes made necessary by action of the President on the recommendations of the Bureau of the Budget. The Director also appeared personally at the hearings before the appropriation committees of Congress. Finally, he approved the allocations of the appropriated funds to CIA components.<sup>1/</sup>

1/ [REDACTED]

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The financial administration of CIA was not disturbed greatly when Mr. Allen Dulles replaced General Smith as Director of Central Intelligence. As Deputy Director of Central Intelligence from August 23, 1951 to February 26, 1953, Mr. Dulles assisted General Smith in the presentation of CIA estimates for Fiscal Year 1953 to the Bureau of the Budget and to Congress. As soon as Mr. Dulles was sworn in as Director of Central Intelligence on February 26, 1953, he became fully responsible for the presentation of CIA Estimates for the Fiscal Year 1954 to Congress.

In making decisions on certain budget matters, particularly those concerning the DD/P, the Director continued to be advised by the Project Review Committee. As of January 1953 the PRC was composed of the DDCI, Chairman, DD/P, DD/I, and DD/A members, and an Executive Assistant to the DCI as Recording Secretary.<sup>1/</sup> In March 1955 the Special Assistant to the DCI for Planning and Coordination replaced the DDCI as chairman and the IG was added as a voting member.<sup>2/</sup> The General Counsel and Comptroller were

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named as nonvoting members and the Recording Secretary was listed without any other designation. These changes marked the increasing importance of Mr. [REDACTED]

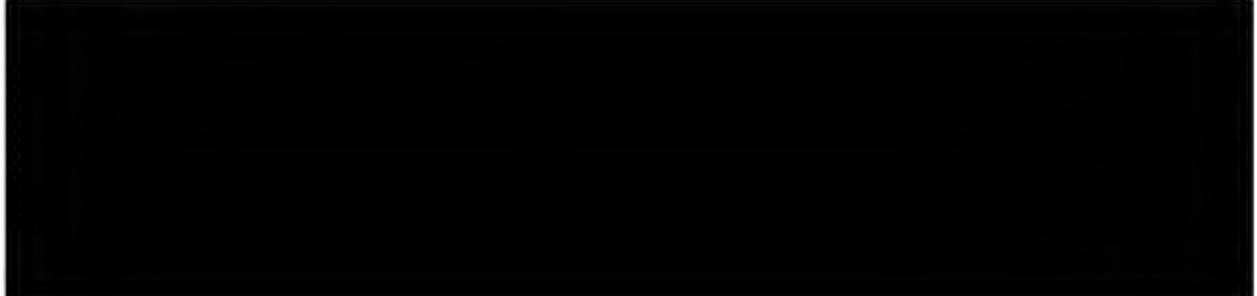
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the new Chairman, in the top affairs of the Agency.<sup>1/</sup>

At the beginning of the period the chief function of the PRC was the review of projects as it had been from the time of setting up the committee in 1948. A project was an operational entity or unit of operations, to which funds and other resources were allotted for use in performance. For each project a project outline was required describing specific objective or objectives, means to be employed, and support requirements in sufficient detail necessary to obtain consideration and approval of the project.<sup>2/</sup>

In preparing a project outline, the originating division was directed to cite or quote relevant policy documents such as NSC directives; State, Defense, JCS or OCB policy papers; CIA plans and programs; and other documents

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or statements, memoranda, or cables having policy implications. In addition to the project outline, administrative plans were required for projects which had to be conducted under cover or operational circumstances which did not permit adherence to all relevant Agency regulations and procedures. An administrative plan was a written document which set forth the authorities and controls which were to govern the conduct of a project entity, the relationship of the project entity with the Agency, and internal Agency requirements where it was necessary to depart from normal Agency requirements. Every proprietary, large subsidy, and operational investment project required an administrative plan and other projects might be covered by an administrative plan when the Deputy Director concerned regarded it as necessary.<sup>1/</sup> Except for project requesting less than \$25,000 in any one fiscal year, all projects required approval by the DCI before they could receive or spend any funds.

In March 1955, the PRC was also directed to perform staff functions for the Director in connection with the

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approval of Agency programs. A program was defined as a major classification of work or effort of an Agency component for a fiscal year which involved a comprehensive plan of stated strategy to accomplish stated objectives. Programs presented for approval included all new projects and support activities as well as projects and support activities that were approved in the prior fiscal year or years and were being recommended for continuance during the current fiscal year.<sup>1/</sup> In making recommendations to the Director, the PRC was directed to consider from the point of view of the Agency as a whole all projects, plans, and operational activities in terms of the following criteria: consistency of what was proposed with Government policy; need for what was proposed, including evaluation of the relative worth of anticipated results; feasibility of what was proposed, including security considerations; and consonance of what was proposed with budget presentations and limitations and with support capabilities.<sup>2/</sup> The

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Agency's activities approval system was an integral part of the budget system in that it was the mechanism by which the Agency's assigned missions were developed and translated into terms of manpower, material, and money requirements. This approval system also established the device by which Agency officials, subsequent to the appropriation of funds, were authorized to spend the resources available for the accomplishment of the Agency's assigned missions.<sup>1/</sup> At the time that this system was initiated in 1955, only the activities of DD/P were on a program basis.<sup>2/</sup>

The CIA components were involved at many points in the budget formulation process.<sup>3/</sup> About thirteen months prior

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- 1/ The role of the PRC is presented graphically in Program & Resources Control Flow for Fiscal Year 1959 Activities, prepared by Office of Comptroller, 14 November 1958, SECRET, copy in O/DCI/Historical Staff files. The periods charted began in September 1956.
- 2/ It should also be pointed out that it was the responsibility of the PRC to scrutinize proposed projects in order to determine whether the research about to be launched with CIA funds did not legitimately fall within the area of Foundation - supported research. . . . Comment by [redacted] DCI/HS, 1963.
- 3/ Comptroller, History of the Office of the Comptroller, 10 February 1960, SECRET, in O/DCI/Historical Staff files. This document is an incomplete introduction to the subject informally submitted by [redacted]

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to the beginning of the fiscal year they prepared the preliminary estimates which were the basis for subsequent presentations, the first of which was at the hearings held by the Comptroller. These estimates were over-all office requirements presented on a program basis and were designed to help the Director make the final determination as to direction and scope of the Agency programs. The components then compiled detailed justifications of the allowances made to them by the Director to be used in preparing estimates to be submitted to the Bureau of the Budget some eight months before the beginning of the fiscal year. The supporting document was in much more detail and was designed not only to present the program requirements, but to give the organizational and object support of those requirements. The components then contributed their share to the Congressional Budget Submission which represented the budget for the Agency that the President was willing to recommend to Congress. This presentation was similar to that of the Bureau of the Budget submission but it reflected any changes that the President directed to be made in the Agency programs or resources. This stage came three or four months before the beginning of the fiscal year.

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The Agency components were also involved in all three stages of the execution of the budget cycle.<sup>1/</sup> They first made their contribution to the Operating Budget Estimates which reflected their current estimate of their program requirements in relation to the plans presented to Congress and the year just being completed. This stage came less than one month before the beginning of the fiscal year and formed the basis on which the Director made decisions on the allocation of resources approved by Congress in the form of an appropriation. The second stage was the granting of authorities to operating officials to plan and conduct activities within financial limitations. The third stage was the review of execution which consisted of a continuous analysis of actual operations in relation to planned budgeted operations using accounting and operating report data.

Office of the Comptroller

The Office of the Comptroller continued to be responsible for the development and administration of the overall budgetary and financial program of the Agency. This involved staff work in connection with the developing and

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1/ Ibid.

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justifying to the Bureau of the Budget and the Congress annual budget estimates; formulating and administering a program of budgetary execution; and establishing account-  
ing and financial policies and procedures.<sup>1/</sup>

The Office of the Comptroller maintained close liaison with all offices within the Agency in connection with procedures involving the internal administration of budgetary and fiscal affairs.

External budgetary and fiscal activities of the Office of the Comptroller required coordination and liaison with Committees of Congress, the Bureau of the Budget, Treasury Department, General Accounting Office, Departments of State, Defense, Army, Navy, Air Force, and other governmental agencies. Continued liaison was exercised with

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25X1A 1/ CIA Regulation No. [REDACTED] 20 March 1953,  
revised 18 January 1954, 5 April 1954, 17 February 1956, SECRET, in Records Center; Office of Comptroller, History of the Office of the Comptroller, 10 February 1960, SECRET, in O/DCI/HS files; CIA, Organization Charts and Functional Statements, Fiscal Year 1958, 30 September 1956, SECRET, in Records Center Job 59-417.

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budgetary and fiscal officials in other agencies to insure that financial processing met security requirements. <sup>1/</sup>

During the period the Office of the Comptroller continued to exercise great care in safeguarding the secrecy of the budget. Only those within the Agency who needed to know were given access to the overall budget estimates in their various stages.

In dealings with the Bureau of the Budget the Comptroller was circumspect regarding the information divulged. In general, detailed information regarding clandestine operations was revealed only in personal conversation between the Director of Central Intelligence and the Director of the Bureau of the Budget. As a high CIA official stated the policy, it was inappropriate to provide detailed answers to Bureau of the Budget officials below the Budget Director without prior instructions from the

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1/ A summary statement of reimbursements and advances to other agencies during the period may be found in Office of Comptroller, Submission to Bureau of the Budget for Fiscal Years 1955, 1956, 1957 and 1958, SECRET, in Records Center Jobs 58-436, 58-437, 59-417. ~~In Fiscal Year 1953 the amount of money involved was~~ 

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DCI. He also stated that it was inappropriate to provide any answers in writing.<sup>1/</sup> In practice these policies were hard to enforce as the Director of the Bureau of the Budget relied upon his staff for recommendations regarding CIA's budget.

In dealings with Congress on budget matters, CIA was careful to limit its disclosures. The oral proceedings were all in executive session. Brief summaries, classified "SECRET," of CIA's budget estimates were furnished only to members of the small and selected subcommittees of the appropriations committees of the House and the Senate. Written answers to some questions asked by members of these committees were classified "TOP SECRET," were retained in the custody of CIA and were shown to members of the subcommittees only on request.<sup>2/</sup> The Chairman of the House subcommittee indicated that the other members of the

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<sup>1/</sup> Memorandum for the Record from C/Admin/DD/P, 28 March 1953, SECRET, in Fiscal Year 1955, Bureau of the Budget Submission Material, in Records Center Job 58-436.

<sup>2/</sup> Memorandum for the Record from C/BD, 3 August 1957, SECRET, in House Appropriations Committee Hearings FY 1958 Budget, in Records Center Job 59-417.

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Appropriations Committee would not be authorized to obtain information about the Agency. He also claimed that there had been no leaks of information by the members or staff of his subcommittee.<sup>1/</sup>

The Comptroller, Mr. Edward R. Saunders, furnished organizational continuity during the period. His tenure dated back several years before 1953 and he continued to serve uninterrupted as Comptroller during the period and beyond.<sup>2/</sup> During two official absences of about two months each, the Acting Comptroller was Mr. [REDACTED] whose regular position was Deputy Comptroller.<sup>3/</sup>

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1/ Memorandum for the Record from C/BD, 21 March 1955, SECRET, in FY 1956 Congressional Material, in Records Center Job 58-436 and Memorandum for the Record from C/BD, 29 June 1957 SECRET, in folder cited in footnote 2, above.

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2/ Mr. Saunders was appointed Comptroller in January 1951. See CIA General Order No. [REDACTED] January 1951, SECRET, in Records Center. He began his service in CIA's financial-management organization in 1946 and from 1943 through 1945 he had served in the Budget and Procedures Branch of OSS.

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3/ [REDACTED]

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The internal organization of the budgetary, finance and accounting activities of the Office of the Comptroller remained unchanged during the period. There were two staffs; the Technical Accounting Staff and the Program Analysis Staff, and three line divisions; the Budget Division, the Fiscal Division which was concerned principally with vouchered funds, and the Finance Division which administered the confidential funds program.<sup>1/</sup>

The size of the staff of the Comptroller that was concerned with financial administration did not change greatly during the period. The on-duty strength remained at slightly less than [redacted] for each fiscal year. Of this

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Other activities performed by the Office of the Comptroller, requiring additional personnel, are discussed elsewhere.<sup>3/</sup>

- 1/ For other activities of the Office of Comptroller, see below.
- 2/ Office of the Comptroller, Bureau of the Budget Submissions for Fiscal Years 1955, 1956, 1957 and 1958, SECRET, in Records Center Jobs 58-436 58-437, 59-417.
- 3/ At the beginning of 1953 the Organization and Methods Service was in the Office of the Comptroller. On April 5, 1954, the Management Improvement Service (as O&M had been renamed) was transferred to the immediate office of DD/A. See above. On February 8, 1954, the Machine Records Division was re-assigned to the Comptroller from the General Services Office, which was being liquidated. The MRD continued under the Comptroller to the end of the period and beyond.

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The Budget Division of the Office of the Comptroller rendered advice and assistance to all organizational components of the Agency in the preparation of annual budget estimates. It analyzed and consolidated data received from other offices and prepared the annual budget estimates for the Agency as a whole at each step in the budget process. It administered and controlled the funds acquired by the Agency through a planned budget execution program. It also established and supervised the maintenance of records relating to the budgetary activities of the Agency.<sup>1/</sup>

In 1954 the Budget Division indicated that one of its objectives for the coming fiscal year was the preparation and issuance of a budget manual in regulation form to replace budget notices. In 1956 drafts of a proposed Agency budget regulation and three supporting handbook chapters were prepared and distributed to all offices for coordination.<sup>2/</sup> The necessary approvals were not obtained for these proposed issuances so the Division has to rely upon notices.

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1/ CIA, Organizational Charts and Functional Statements, Fiscal Year 1958, 30 September 1956, SECRET, in Records Center 59-417.

2/ CIA, Estimates for Fiscal Year 1958, Bureau of the Budget Submission, 30 September 1956, SECRET, p. D-3-6, in Records Center Job 59-417.

Budget Cycles for Fiscal Years 1953 through 1957

Before taking up the history of each fiscal year, a few general observations about some of the peculiarities of CIA's budget process are in order. In view of the Agency practice of activating new projects to exploit targets of opportunity whenever fortuitous circumstances indicated a possibility of success, it was difficult to anticipate long in advance the exact nature of the financial support that might be needed. Particularly in the early part of the period, the Agency requested more funds than it found later it could use.

Another characteristic of CIA's budget was the distribution between the fund for operations and the reserve fund for contingencies. The fund for operations was the fund for those continuing and planned activities that could be justified on the assumption that the general international situation would remain substantially as it was during the fiscal year which has just been completed. The fund for operations was backed by experience and by plans which assumed no startling new developments. The reserve fund for contingencies, on the other hand, was a special fund which could not be used unless some new and unexpected crisis occurred which could not be met out of regular funds in connection with intelligence and cold war

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operations. Emergency CIA actions called for by National Security Council directives required swifter procedures than the supplemental Congressional appropriation which took eighteen months. In July 1951 CIA in a submission to the Bureau of the Budget for Fiscal Year 1952 included an item of [REDACTED] dollars to provide for a contingency fund.<sup>1/</sup> The DCI stated that this contingency fund had the informal concurrence of representatives of the JCS, and the Departments of State and Defense, after a review of current commitments and programs in relation to the international situation.<sup>2/</sup> Congress authorized a contingency fund of this size for Fiscal Year 1952 on the condition that it could be used as released by the Bureau of the Budget. When an emergency arose, what usually happened was the National Security Council directed CIA to take appropriate action. If CIA lacked the funds to meet the crisis, it requested the Bureau of the Budget to release the funds needed from the emergency fund. The Bureau of the Budget, on its part, was primarily concerned

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<sup>1/</sup> Letter from DCI to Mr. Lawton, Director of Bureau of the Budget, 6 April 1951, SECRET, in O/DCI/ER Bureau of the Budget folder.

<sup>2/</sup> Ibid.

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with whether the activity had been contemplated in the preparation of the annual budget and whether the increase could be absorbed within the regular funds. An appeal could be made to the President from a decision by the Bureau of the Budget. During the period, CIA considered making an appeal to the President on several occasions, but the questions were settled by negotiations with the Bureau of the Budget. In general, the Bureau of the Budget acted favorably on requests for releases from the contingency fund and the device worked smoothly.<sup>1/</sup>

The need for security furnished an additional reason for the CIA contingency fund. The nature of the objectives which Congress and the National Security Council set for CIA and the methods that had to be used to achieve these objectives demanded concealment of the size of funds involved. Information regarding the Agency's budget was obviously a priority target for hostile intelligence services. It was much easier to conceal a release from the reserve fund than it was to conceal a request and hearing on a supplemental appropriation which had to come

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25X1A 1/ Memorandum for the Record, 3 September 1959, Subject: Conversation with Mr. ██████████ Comptroller's Office, regarding CIA's Budget History, 1953-1957, SECRET, in O/DCI/HS files.

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separately before Congress.

As far as the preliminary estimates and the authority approved by Congress were concerned, the Budget for Fiscal Year 1953 was the largest during the period. The call for the preliminary estimates for this fiscal year to be submitted to the Comptroller by each Assistant Director was sent out in August 1951.<sup>1/</sup> At this time the various offices thought they needed substantial increases in their financial sources. OPC and Communications projects were being activated on an ever-increasing scale.<sup>2/</sup> The

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1/ CIA Notice No. [REDACTED] 27 August 1951, called for Fiscal Year 1953, CONFIDENTIAL, in Records Center.

2/ Office of Comptroller, Historical Notes re: Budget and Finance Activities, 20 September 1945--28 January 1952, 8 May 1952, TOP SECRET, No. 74650, in O/DCI/HS files.

3/ Office of Comptroller, History of CIA Budget Requests and Funds Availability, Fiscal Years 1952-1957, July 1959, SECRET, submitted to Historical Staff, O/DCI/HS. References in following pages on Table will refer to this document. Since the figures in these tables are based on accountings made after the preparation of the Estimates for Fiscal Year 1958 and earlier years, they do not agree in every case with figures found in the earlier budget books.

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the offices in the fall of 1951.<sup>1/</sup>

The execution of the Budget for Fiscal Year 1953 marked a further scaling down of the Agency's financial requirements. The rate of obligation for the first half of the fiscal year was kept low pending the completion of a thorough internal re-examination of all programs.<sup>2/</sup> During this same period no releases from the contingency fund were requested of the Bureau of the Budget. Shortly after his inauguration on January 30, 1953, President Eisenhower announced a policy of careful review of federal expenditures with a view to a balanced budget. The new Director of the Bureau of the Budget sent a letter to all agencies on February 3, 1953 regarding economies to be effected in personnel, construction, and programs. General Smith had already announced a reduction in the personnel ceiling and the new Director of Central Intelligence, Mr. Dulles, continued this policy.<sup>3/</sup> As Acting Director,

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1/ Ibid.

2/ Office of Comptroller, Draft of letter to Director of the Bureau of the Budget from DCI, SECRET, attached to transmittal slip dated 9 March 1953, in Fiscal Year 1955 Bureau of Budget Submission Material, in Records Center Job 58-431.

3/ Minutes of the Staff Conference Held in Director's Conference Room, 9 February 1953, SECRET, SC-M-13, in HS files.

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Mr. Dulles sent a request on February 12, 1953 to his Deputy Directors to review the budget requirements for the Fiscal Years 1953 and 1954.<sup>1/</sup> The revised estimates showed that an estimated saving of 48 million dollars could be made for Fiscal Year 1953 and this amount was transferred from operations to the contingency fund.<sup>2/</sup> Since CIA made no requests of the Bureau of the Budget for the release of funds from the contingency fund during the balance of the fiscal year, the fund at the end of the fiscal year amounted to [REDACTED]

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When accounts for the Fiscal Year 1953 were completed [REDACTED]

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- 1/ Memorandum for Deputy Directors from Acting Director, 12 February 1953, Subject: Review of 1954 Budget Requirements, RESTRICTED, in O/DCI/ER, Comptroller file.
- 2/ Congressional Budget, Fiscal Year 1958, abbreviated version, SECRET, p. 4, in Records Center Job 59-417.
- 3/ Table Obligations are defined as amounts of orders placed, contracts awarded, services rendered and/or directed, and similar transactions made by or on behalf of the Agency to individuals, private organizations, other government agencies, foreign governments, or legal entities, requiring future payment upon the fulfillment of prescribed conditions.

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[REDACTED] 19 May 1956, SECRET

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and paramilitary programs by a review committee of the DD/P.<sup>1/</sup> In February 1953 the new Director of the Bureau of the Budget also asked for a review of the estimates for Fiscal Year 1954. Bureau of the Budget officials raised the following hypothetical question, "If the Agency budget for Fiscal Year 1954 were drastically cut (approximately 25 percent), what would the Director recommend to eliminate and in what priority."<sup>2/</sup> The appropriation finally approved by Congress for Fiscal Year 1954 was for

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When the accounts came in they showed the funds obligated for the Fiscal Year 1954 were [REDACTED] dollars 25X1A

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- 1/ Because this review committee recommended the elimination of so many projects, it was called the "Murder Board." A reference to it appears in Memorandum for DCI from C/PPC, 30 March 1953, Subject: Possible 25% Budget Cut in FY 1954, TOP SECRET WORKING PAPER, in 1955 Bureau of the Budget Submission Material, Records Center Job 58-436. The full records of this review committee are in the DD/P files.
- 2/ Memorandum for the Record from C/Adm/DD/P, 28 March 1953, Subject: Fiscal Year 1954 Budget Discussion with Bureau of the Budget officials, SECRET, in 1955 Bureau of the Budget Submission Material, Records Center Job 58-436.
- 3/ See Table.

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dollars, an amount which was fairly close to the appropriation for operations and which was 14 million dollars less than the obligations for the preceding fiscal year.

Actual expenditures were [redacted] dollars. This marked 25X1A the low point in obligations and expenditures for the period under discussion. A comparison of obligations by major activities for the two fiscal years shows that about

25X1A [redacted] dollars less was obligated for paramilitary activities for Fiscal Year 1954 than for Fiscal Year 1953.<sup>1/</sup> The reduction in obligations for paramilitary activities was partially offset in the total reduction figure by an increase in obligations for covert collection of intelligence.

The contingency fund for Fiscal Year 1954 was not obligated.<sup>2/</sup> While the Bureau of the Budget approved of releases of nearly [redacted] dollars from this fund, CIA 25X1A

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<sup>1/</sup> The obligations for Fiscal Year 1953 by Major Activity are given in Congressional Budget for Fiscal Year 1955, SECRET, p. 8 and obligations for Fiscal Year 1954 by Major Activity are given in Congressional Budget for Fiscal Year 1956, SECRET, p. 8 in Records Center Job 58-436.

<sup>2/</sup> See Table, Reserve for Contingencies, Fiscal Year 1952 through Fiscal Year 1957, in Congressional Budget, Fiscal Year 1957, SECRET, in Records Center Job 58-437.

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did not find it necessary to use this authority since the unobligated balance from the appropriation authority for operations was sufficient to meet the emergencies. An understanding existed with the Bureau of the Budget that the contingency fund would be obligated only if other funds were not available.

25X1A The office estimates for Fiscal Year 1955 amounting to [REDACTED] dollars were compiled before Congress passed the budget for Fical Year 1954. CIA like other agencies of the government was given by the President a 1955 budget allowance at the same level as the 1954 appropriation.<sup>1/</sup> By this time the Korean Armistice had been signed (July 1953). Nevertheless, the DCI presented an estimate for Fiscal Year 1955 to the Bureau of the Budget in October 25X1A 1953 which was [REDACTED] dollars higher than the 1954 authority. This request for "supplemental" funds was made on the ground that the operating program was too tight and inflexible.<sup>2/</sup> The Bureau of the Budget did not approve

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1/ Draft of the Opening Statement on the 1955 Budget Presentation to the Bureau of the Budget, 22 October 1953, SECRET, in 1955 Bureau of the Budget Submission Material, in Records Center Job 58-436

2/ Ibid. This was not a supplemental request to Congress but a request directed to the Bureau of the Budget for more funds than the President's ceiling.

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of this request for "supplemental" funds and recommended that the President present to Congress the same estimate as he had presented for the preceding fiscal year, a total

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reserve fund for contingencies. In defending the estimates before the subcommittee of the House Appropriations Committee in March 1954, the DCI proposed that the reserve fund for contingencies be appropriated on a no-year basis

<sup>1/</sup> and the unobligated balance be carried over each year.

CIA officials had earlier explained that this procedure would produce a substantial saving in the Government's cash budget and would reduce the amount of the CIA budget <sup>2/</sup> which had to be hidden in various appropriations.

Congress acted favorably on the idea of a carry-over and authorized for the Fiscal Year 1955 the carrying forward

25X1A of the sum of [REDACTED] dollars which had been originally <sup>3/</sup> appropriated for the Fiscal Years 1953 and 1954. This

1/ Draft of Opening Remarks of the Director for appearance before the House Appropriations Sub-Committee, 16 March 1954, SECRET, in 1955 Congressional Material, in Records Center Job 58-436.

2/ Memorandum for DCI from Legislative Counsel, 7 January 1954, Luncheon on 11 January 1954 with Congressmen Tabor and Scrivner, SECRET, in Ibid.

3/ Office of the Comptroller, Draft of Memorandum for Appropriation Committees, 7 March 1955, SECRET, in 1956 Congressional Material in Records Center Job 58-436.

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less were obligated for paramilitary activities for Fiscal Year 1955 than for the preceding fiscal year.

The Office Estimates for Fiscal Year 1956 as prepared in June 1954 were based on actual and estimated obligations for Fiscal Year 1954 and Fiscal Year 1955 respectively.<sup>1/</sup>

As compiled by the Office of the Comptroller the Office Estimates for Fiscal Year 1956 totalled [REDACTED] dollars 25X1A of which [REDACTED] dollars were for operations and [REDACTED] 25X1A million dollars for contingency reserve. These were the lowest office estimates presented during the period.

Before presenting the budget to the Bureau of the Budget [REDACTED]

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[REDACTED]<sup>2/</sup>  
dollars were for the reserve fund for contingencies.<sup>2/</sup>  
In discussing this request for Fiscal Year 1956 at the Bureau of the Budget hearings held on October 27, 1954, General Cabell indicated that the covert collection of intelligence and political and psychological activities would be increased slightly over current levels while the

1/ Memorandum for DD/A from C/Admin/DD/P, 11 June 1954, Subject: DCI Meeting with Director of Bureau of the Budget, SECRET, in FY 1956 Budget - Covert Collection of Intelligence (FI Operations) in Records Center Job [REDACTED]

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2/ See Table.

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[REDACTED] activities would be reduced. He added that it was a matter of long term Agency policy to continue strengthening covert collection of intelligence by all means available including scientific means.<sup>1/</sup> The Bureau of the Budget recommended for the first and only time during this period that the President present the requested figure to Congress unchanged. The funds requested were the same as those appropriated for the two preceding fiscal years except for a [REDACTED] dollar reduction in the contingency fund. CIA's budget was now on a plateau of cold war operations.

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In March 1955 when the Agency defended the request for Fiscal Year 1956 before the House Appropriations Subcommittee, it was too late in the Budget cycle to make a request for new funds to restore the reserve on which there had been a heavy drain during Fiscal Year 1955. Such a request should have been started with submission to the Bureau of the Budget the preceding fall and at that time the releases from the reserve were yet to come. The DCI proposed that Congress continue to make the unobligated balance of the reserve fund available from year

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1/ Statement of General Cabell at Bureau of the Budget Hearings, 27 October 1954, SECRET, in 1956 Bureau of the Budget Hearing Material, in Records Center Job 58-436.

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to year and that it also make available from year to year unobligated balances from operations for prior years

which at that time amounted to [REDACTED] dollars. <sup>1/</sup> 25X1A

Congress voted new appropriation authority for [REDACTED] 25X1A

dollars for Fiscal Year 1956 and provided for a limited

carry-over of unobligated funds amounting to only [REDACTED] 25X1A

million dollars. Of this carry-over, [REDACTED] dollars 25X1A

went for operations leaving a contingency fund of around

25X1A [REDACTED] million dollars. For Fiscal Year 1956, funds available 25X1A

for operations remained at [REDACTED] dollars, the same 25X1A

as for the two preceding years, but with the reduction of

25X1A the reserve fund the total funds available dropped from [REDACTED] 25X1A

million dollars for Fiscal Year 1955 to [REDACTED] dollars 25X1A

for Fiscal Year 1956, the lowest figure for the period.

When accounts came in for Fiscal Year 1956, they

25X1A showed obligations of [REDACTED] dollars as compared with

25X1A [REDACTED] dollars for Fiscal Year 1955. These obligations

1/ Draft of Opening Remarks of the Director to the House Appropriations Committee, 8 March 1955, SECRET, in Records Center Job 58-436. Congressional Budget for Fiscal Year 1958, 1 February 1957, p. II-D, in Records Center Job 59-417, gives list entitled: "Non-Budgeted Financial Requirements Presented to the Bureau of the Budget and Released from the Reserve Fund for Contingencies for Fiscal Year 1955." The total released amounted to [REDACTED] dollars. December 29, 1954 was the last approval date listed. The releases thus came before the Fiscal Year 1956 Congressional Budget presentation, but not in time to be included in that presentation.

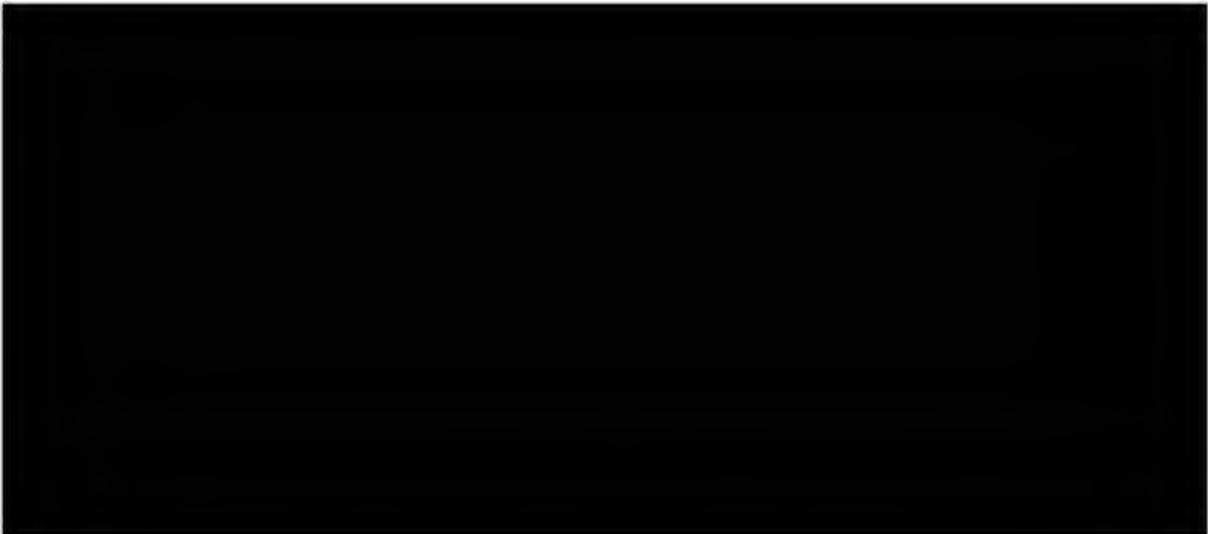
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for Fiscal Year 1956 were, however, [REDACTED] dollars over the original appropriation for operations. As in the case of Fiscal Year 1955, this excess of obligations over the original operations authority can be accounted for by releases from the reserve for contingencies authorized by the Bureau of the Budget. When the two funds were combined, obligations equalled the total funds available. Actual expenditures for Fiscal Year 1956 were

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The substantial releases from the reserve fund which were approved by the Bureau of the Budget for Fiscal Years 1955 and 1956 required a continued financing of the

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1/ See Table.

2/ Congressional Budget for Fiscal Year 1958, 1 February 1957, SECRET, p. II-D, in Records Center Job 59-417.

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operations either from the reserve fund or from an  
increase in the appropriation for operations.<sup>1/</sup> The

office estimates of [REDACTED] dollars for operations  
for Fiscal Year 1957 were based on the assumption that  
the appropriation for operations should be increased.

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In September 1955 in his appearance before the Bureau of  
the Budget the Deputy Director defended the submission of  
a request for [REDACTED] dollars for operations rather

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than the [REDACTED] dollars which had been appropriated  
for each of the preceding three fiscal years.<sup>2/</sup> All

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but [REDACTED] of this was approved by the Bureau of the  
Budget and by Congress.<sup>3/</sup>

The releases from the reserve fund likewise had the  
effect of depleting the reserve fund since the Agency had  
not had time to ask for new authority for Fiscal Year 1956  
to replenish the reserve fund. In defending the request

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1/ Office of the Comptroller, Memorandum for DD/S from  
C/BD, 1 December 1956, SECRET, in Bureau of Budget  
Allowances-Fiscal Year 1958 Budget, in Records Center  
Job 59-417.

2/ CIA, Estimate of Requirements Fiscal Year 1957, Bureau  
of the Budget Submission, 30 September 1955, SECRET,  
in Records Center Job 58-437.

3/ See Table.

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for Fiscal Year 1957 before the Bureau of the Budget in October 1955, the Deputy Director stated that the contingency fund would be low by the end of Fiscal Year 1956 and he presented the request for new authority to build this fund up to [REDACTED] dollars.<sup>1/</sup> On the

25X1A recommendation of the Bureau of the Budget, the President reduced the reserve fund to [REDACTED] dollars and Congress concurred in this.<sup>2/</sup>

Summary

Looking back over the five fiscal years beginning with the Fiscal Year 1953 and ending with the Fiscal Year 1957, certain trends stand out. Total CIA appropriations passed Congress (resources available) dropped from a high

25X1A [REDACTED]

1/ Ibid. and Draft, Statement of General Cabell at Bureau of the Budget Hearings, 13 October 1955, SECRET, in Congressional Budget Material FY 1957, in Records Center Job 58-437.

2/ See Table.

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Section 10 of the Central Intelligence Act of 1949

stated in part:

Section 10.(b) The sums made available to the Agency may be expended without regard to the provisions of law and regulations relating to the expenditure of Government funds; and for objects of a confidential, extraordinary, or emergency nature, such expenditures to be accounted for solely on the certificate of the Director and every such certificate shall be deemed a sufficient voucher for the amount therein certified.1/

The CIA General Regulations on Confidential Funds interpreted this law as meaning that Congress is granting this extraordinary authority for expenditure of public funds was voicing its determination to afford the Agency all of the means that might be required in the performance of its mission. The Regulation further stated that Congress, in effect, gave recognition to the following principles:

a. Intelligence operations require the use of methods which do not always conform to law or regulation. No law could be drafted to contain all of the precise authorities and policies needed for the conduct of intelligence operations.

b. Power to withhold fiscal or other information revealing the specific nature and methods

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1/ For discussion of this law, see Historical Study of the Use of Confidential Funds, Compiled by the Office of the General Counsel, January 1953, SECRET, in HS files.

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of intelligence operations, or the identities of persons so engaged from unauthorized disclosure is essential to a secure and effective intelligence service.<sup>1/</sup>

The law was interpreted as meaning that for the support of strictly covert operations and for extraordinary or emergency requirements, where the nature of CIA activities precluded compliance with other statutes and procedures and normal Government audit by the General Accounting Office, CIA funds would be expended under the authority cited above which made the certification of the Director of Central Intelligence a final accounting to all outside agencies. This permitted the Agency to conduct all audits internally on what it called confidential or unvouchered funds. Confidential funds were those funds which did not have to be accounted for in detail outside the Agency. Instead these funds were obligated and expended under authorities and regulations prescribed by the Director of Central Intelligence and were accounted for to the Department of the Treasury and the General Accounting Office without disclosure of details involved solely

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upon the certification of the Director that the amounts indicated were properly expended for confidential purposes.<sup>1/</sup>

The Agency interpretation of the law continued to be that large portions of its headquarters activities, while highly classified, could be audited securely in conformance with normal Government procedures and were, therefore, subject to standard Government law and regulations and a final audit by the General Accounting Office. The funds used for these activities were, therefore, called vouchered funds and it was the responsibility of Agency officials to see that vouchered funds were used insofar as operational security and requirements of operations would permit.<sup>2/</sup>

All obligations and expenditures, vouchered and unvouchered, had to be accounted for, and the degree and form of accounting had to be the optimum compatible with the maintenance of reasonable security for Agency operations and the protection of the sources of intelligence. This standard was an expression of the belief that accurate and informative financial reporting, as well as

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1/ Ibid.

2/ Ibid.

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being a deterrent to the misuse or loss of funds, was a primary tool for the exercise of efficient management and direction of an intelligence organization.<sup>1/</sup>

Early in 1953, Mr. Dulles expressed a great concern regarding responsibilities which went with the financial powers of the Agency:

President Eisenhower said to General Cabell and me the other day, very earnestly: "Your agency has the largest amount of unvouchered funds of any agency in government. I realize that it is necessary that you have them. But those unvouchered funds must be a sacred trust; and you must see to it that there is no abuse of the confidence and privilege which is reposed in you and in the Agency in handling those funds." I want that word to go right through this Agency. I'm going to watch the use of unvouchered funds with the greatest care and see that they can be justified in their expenditure just as much as other funds, even though we have the privilege of not advertising how we spend them.<sup>2/</sup>

Accounting Activities of the Comptroller

The Fiscal Division of the Comptroller's Office continued to be responsible for administering the accounting and pre-audit control of vouchered funds, that is, funds for which the final audit was performed by the General

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1/ Ibid.

2/ CIA Office of Training, Training Bulletin No. 5, 31 March 1953, Remarks of Allen W. Dulles, SECRET, in OTR files.

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Accounting Office. The Division, in addition to maintaining accounting reconciliation and appropriation reporting control of all CIA and NSC funds, maintained allotment accounting for all vouchered activities, pre-audited all vouchered funds expenditures, and prepared and pre-audited payrolls of all vouchered personnel, keeping related individual employee records of leave, income, differentials, allowances, retirement, taxes and bond purchases. The Division prepared financial reports as required, performed working liaison with the General Accounting Office, Treasury Department, Departments of State and Defense, the Civil Service Commission, and other agencies on matters relating to vouchered fiscal activities, and prepared inquiries and replies regarding General Accounting Office questions and exceptions.

During the period a number of improvements were made by the Fiscal Division in its accounting systems. The adoption of better procedures resulted in a decrease in the lag time for recording transactions, a reduction in posting errors, a reduction in delinquent accounts and in the time required to handle them.<sup>1/</sup> With the

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<sup>1/</sup> Management Staff, Major Accomplishments, DD/S Area, First Half of Fiscal Year 1955, 12 October 1955, SECRET, in MS files.

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cooperation of the Treasury Department and the General Accounting Office, the efficiency and security of disbursing operations were improved by use of mechanical tabulating devices.<sup>1/</sup>

The Finance Division continued to administer the unvouchered funds program of the Agency in conformance with the policies and regulations established by the Director. A Finance Division Procedures Committee continued to review and approve Finance Division Operating Procedures, thereby implementing and interpreting regulations, handbooks, Comptroller Notices, and other Comptroller Instructions with respect to accounting and financial matters at the work level.<sup>2/</sup> During the period a large proportion of the Confidential Funds Regulations were revised and re-issued in a new format.

Since the overseas activities were supported by unvouchered funds, the Finance Division supervised the accounting and pre-audit of these activities. It assigned

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1/ CIA Estimates for Fiscal Year 1957, Bureau of the Budget Submission, 30 September 1955, SECRET, in Records Center Job 58-437.

2/ CIA Estimates for Fiscal Year 1957, Bureau of the Budget Submission, 30 September 1955, SECRET, p. D-4-5, in Records Center Job.

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additional employees and additional certifying officers to field stations and as a result established additional Class A stations, thereby permitting further decentralization of activities to field stations since Class A stations were of the size and complexity to justify local accounting with monthly, quarterly, and annual reports to Headquarters.<sup>1/</sup> The Division also increased the number of visits to field stations by Finance key personnel resulting in on-the-spot review of financial and accounting operations, discussion of problems, and improved relations between field personnel and Headquarters.<sup>2/</sup>

During the period improvements were made in accounting systems for proprietary and special projects. An Agency regulation was developed and issued which set forth the financial requirements for special projects (proprietary, subsidy, and others) relating to budgeting, funding, accounting, and financial reporting.<sup>3/</sup> The

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1/ [REDACTED]

2/ CIA Estimates for Fiscal Year 1957, Bureau of the Budget Submission, loc. cit.

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3/ [REDACTED]

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Finance Division extended detailed budget and related funding controls to several major proprietary projects. The device of the administrative plan was used to describe the special procedures needed for a given project. In very rare cases (for 1954, 2 percent of all projects) the magnitude or sensitivity of the project made the administrative plan procedures unsuitable and the project operated under a blanket waiver authorized by the Director.<sup>1/</sup> The Inspector General recommended in 1954 that certain minimal standards should be established and enforced for all projects granted blanket waivers, such as: consultation with the Comptroller's staff, avoiding large lump sum payments to a principal, and requirement of summary accounting statements from the operations officer.<sup>2/</sup> The Comptroller pointed out that these recommendations, although basically sound, might not be applicable to every project, and it was impracticable and unwise to attempt to force these few highly unusual projects into a mold.<sup>3/</sup>

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1/ Memorandum for DCI, through DD/P and DD/S from Comptroller, 28 April 1956, Subject: Blanket Waivers, SECRET, in O/DCI/ER, DD/S 1955-1956 file.

2/ Ibid. Annex A, Extract from IG Survey of the Office of the Comptroller, 20 October 1954, TOP SECRET, No. 103026.

3/ Ibid.

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In cooperation with the Office of Logistics and the Audit Staff, the Finance Division continued during the period to develop procedures for financial and accounting control of Agency property and equipment in depots and field stations. <sup>1/</sup> [REDACTED]

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for management officials, with special attention to value of property issuances from stores. <sup>2/</sup> In Headquarters electric accounting machines were used in maintaining financial property accounting records inasmuch as these machines were adaptable to the type of work and there was sufficient volume of such transactions to make their cost of operation cheaper than that of the manual method. In a field installation, however, a two year trial of the machine method for maintaining property records, including financial property accounting, disclosed that the system was not effective in providing current management

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1/ On Office of Logistics, see pp. 416.

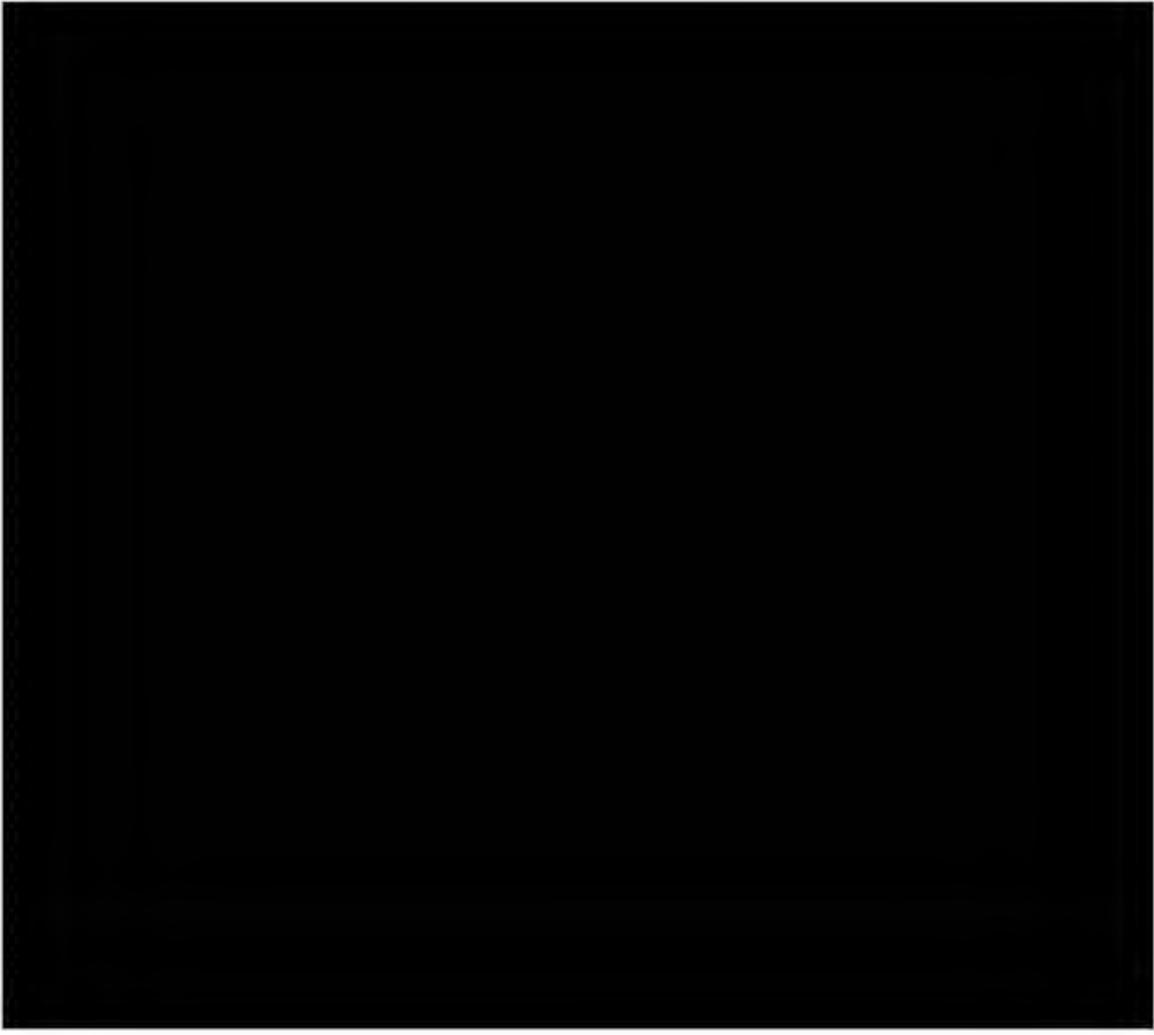
2/ CIA Estimates for Fiscal Year 1958, Bureau of the Budget Submission, 30 September 1956, SECRET, in Records Center Job 59-417.

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reports on a timely or realistic basis because of communications problems and the volume of property transactions was not sufficient to justify use of machine methods. A manual system for property financial account-  
ing was then installed in this field installation.<sup>1/</sup>

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1/ Bureau of the Budget Hearings on FY 1958 Budget,  
26 October 1956, SECRET, in Records Center Job  
59-417.

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Audit Staff

During the period the audit functions of the Agency were clarified and re-emphasized by a number of regulatory issuances. A March 1953 statement of the mission of the Auditor-in-Chief said that he was responsible for the audit (exclusive of internal audit) of all finance, fiscal, and property matters not under procedures laid down by the General Accounting Office.<sup>2/</sup> In other words, the emphasis was on the final audit of all financial accounts involving unvouchered (confidential) funds. This was a post-audit which was a verification that the financial records involving unvouchered funds were accurate as compiled under the supervision of the Office of the Comptroller. Since two-thirds of the expenditures were unvouchered during the period this was a major task.<sup>3/</sup> In August 1954 a much

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1/ CIA Congressional Budget Material Fiscal Year 1957, undated but probably February 1954, SECRET, in Records Center Job 58-437.

2/ CIA Regulation No. [REDACTED] 20 March 1953, SECRET, in Records Center.

3/ See below, p. 113.

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more comprehensive statement of the audit mission was issued which made it clear that the Auditor-in-Chief was also responsible for the review of procedures for conducting internal audits of vouchered funds prior to final audit by the General Accounting Office.<sup>1/</sup> This Regulation likewise directed the Auditor-in-Chief to report to the Director any activities of the Agency which he found as a result of his audit to be uneconomical, inefficient, or improper and to recommend to the Director and the appropriate responsible officials changes in the interest of efficiency and protection of Government funds and property.

While there were name changes affecting the auditing officers, the organizational position of the officers remained unchanged. From January 1953 to February 1955, the Auditor-in-Chief and the Audit Office under his supervision were attached to the immediate office of the DD/A.<sup>2/</sup> The Auditor-in-Chief also supervised the Field Audit Units.<sup>3/</sup> After the February 1955 reorganization

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1/ CIA Regulation No. [REDACTED] 3 August 1954, [REDACTED]  
[REDACTED], SECRET, in Records Center.

2/ CIA Regulation No. [REDACTED] 20 March 1953, Figure 1, 25X1A  
SECRET, in Records Center.

3/ CIA Regulation No. [REDACTED] 3 August 1954, op. cit. 25X1A

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of the DD/A group into the DD/S group, the Auditor-in-Chief was renamed Chief, Audit Staff, and reappointed to the immediate office of the DD/S.<sup>1/</sup> The former Audit Office became the Headquarters Audit Division, Audit Staff, and the former Field Audit Units became Audit Staff Branches Offices.

During the period final auditing continued to be differentiated from accounting and auditing prior to payment, from property accountability, from management improvement, and from general inspection, but it was always closely related to these functions. According to accounting theory and practice, the final audit should be independent of the pre-audit. The Audit Staff, in making final audits, was separate from the Office of the Comptroller and made an independent check on the pre-audits performed by the Office of the Comptroller. Both the Chief, Audit Staff, and the Comptroller, however, were under the DD/S. The Chief, Audit Staff, reported to the DCI through the DD/S. These relationships were not regarded by the Chief, Audit Staff, as limitations on his

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1/ CIA Notice No. [REDACTED] 16 February 1955, SECRET, in Records Center.

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position as an independent auditor.<sup>1/</sup> In property matters, the Chief of Logistics maintained the property accountability system and the Audit Staff reviewed the property accounts.<sup>2/</sup> As the Audit Staff extended the scope of its audit into a more comprehensive or management type,<sup>3/</sup> its work bordered on that of the Management Staff and the Inspector General.<sup>4/</sup> The Chief, Audit Staff, furnished copies of those audit reports to the Inspector General which he thought might be of interest to him.

During the entire period, 1953-1956, Major General

25X1A [REDACTED] was in charge of the Agency audit office, first as as Auditor-in-Chief, from before 1953 to February 1955, and then as Chief, Audit Staff, from February 1955 through December 1956 and beyond.<sup>5/</sup> After a long career

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1/ Chief, Audit Staff, Answers to Questions regarding the History of the Audit Staff 1953-1956, 6 January 1959, SECRET, in O/DCI/Historical Staff files.

2/ See below, p. 109.

3/ Chief, Audit Staff, Answers, 6 January 1959, loc. cit.

4/ See above, p. 103 and Memorandum for the Record by HFG, 16 February 1960, Conversation with Mr. James [REDACTED] Comptroller's Office, SECRET, in O/DCI/HS files.

5/ [REDACTED] was appointed Auditor-in-Chief by CIA Notice No. [REDACTED] 18 January 1952, SECRET, and was appointed Chief, Audit Staff by CIA Notice No. [REDACTED] 16 February 1956, SECRET, both in Records Center.

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in Army finance, [REDACTED] first joined the Agency in 1951.<sup>1/</sup> Mr. [REDACTED] was head of the Audit Office from before 1953 to February 1955 and of the Headquarters Audit Division, Audit Staff, from February 1955 until May 1955.<sup>2/</sup> His successor in the latter office was Mr. [REDACTED], who served from May 1, 1955,<sup>3/</sup> through December 1956 and beyond.

In performing the final audit of all financial accounts involving confidential funds, the Audit Staff continued to make unannounced counts and inspections at irregular intervals of monies on hand, imprest funds and other assets; to make periodic bank account reconciliations; to determine whether cash balances were excessive, facilities for safekeeping of cash were adequate, and reserves established for specific purposes were

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1/ [REDACTED] came to the Agency as financial adviser in July 1951, See Historical Staff, Memorandum for the Record, 3 November 1958, Interview with [REDACTED] Chief, Audit Staff, regarding History of Audit Staff, 1953-1956, SECRET, in O/DCI/HS files.

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2/ CIA Regulation [REDACTED] 28 November 1951, SECRET, and Notice [REDACTED] 14 May 1952, SECRET, both in Records Center.

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3/ CIA Notice No. [REDACTED] 12 May 1955, SECRET, in Records Center.

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realistic; and to examine individual financial transactions, payrolls, accountings for advances, and miscellaneous expense items.<sup>1/</sup> Operating divisions at Headquarters took a special interest in audit reports furnished by the Chief, Audit Staff, and maintained an active campaign to produce satisfactory replies to items questioned. Some irregularities were reported involving considerable amounts of Agency assets but most of these pertained to older projects which were being liquidated. The Chief, Audit Staff, stated that a review of all audit reports made gave assurance that, with minor exceptions, Agency assets were being accounted for in a satisfactory manner.<sup>2/</sup>

During the period Audit Staff Branch Offices were developed in the Far East, in Europe, and in the Middle East. These branches performed audits at the site and and as a result of those audits found many things needing

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1/ Office of Comptroller, CIA Organization Charts and Functional Statements, Fiscal Year 1958, 30 September 1956, SECRET, in Records Center Job 59-417

2/ Memorandum for the DCI, through DD/S, from Chief, Audit Staff, 4 February 1956, Subject: Status of Audit Program for Calendar Year 1955, SECRET, in O/DCI/ER.

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correction which would not have been discovered through the procedures previously in effect whereby accounts were audited on the basis of records submitted to Headquarters.<sup>1/</sup> An audit program was developed in coordination with the area divisions for the audit of all Class A stations and an inspection of all Class B stations except those which due to their size or for security reasons it was not considered advisable to visit.<sup>2/</sup> Class A stations, that is, large stations having an authorized certified finance officer on duty, were audited semi-annually, and Class F stations, that is, small stations without an authorized certified finance officer, were examined at the site annually, but in view of the fact their vouchers were submitted to Headquarters monthly for certification, the vouchers other than those currently on hand at the station were reviewed annually at Headquarters in the course of the normal audit of the accounts in the Comptroller's

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1/ Chief, Audit Staff, Answers to Questions Regarding History of the Audit Staff, 1953-1956, submitted to Historical Staff 6 January 1959, SECRET, in O/DCI/HS files.

2/ Memorandum for DCI, through DD/S, from Chief, Audit Staff, 6 February 1956, Status of Audit Program for Calendar Year 1955, SECRET, in O/DCI/ER.

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office. No site audits were made of those stations in Soviet bloc countries. Stations that were too small or inaccessible were also not given site audits. Stations in Latin America, where there was no Branch Office, were visited by Chief, Audit Staff.<sup>1/</sup>

During the period the Audit Staff made a number of improvements in its auditing of all property accounts. In 1955 it initiated an audit of financial property accounting and it placed the audits of property stored at all Agency-controlled depots and warehouses on an annual basis. It also audited "in-use" property accounts in domestic and overseas field stations. It worked closely with Logistics personnel on inventory, reconciliation, document control and procedural phases of the property program.<sup>2/</sup> Its auditing of property accounts included test checking property accounting records to determine that property purchased or issued to the Agency had been entered in the property account and the balances on hand were correct, making spot inventories, and making

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1/ Ibid.

2/ Memorandum for DCI from Chief, Audit Staff, 6 February 1956, loc. cit.

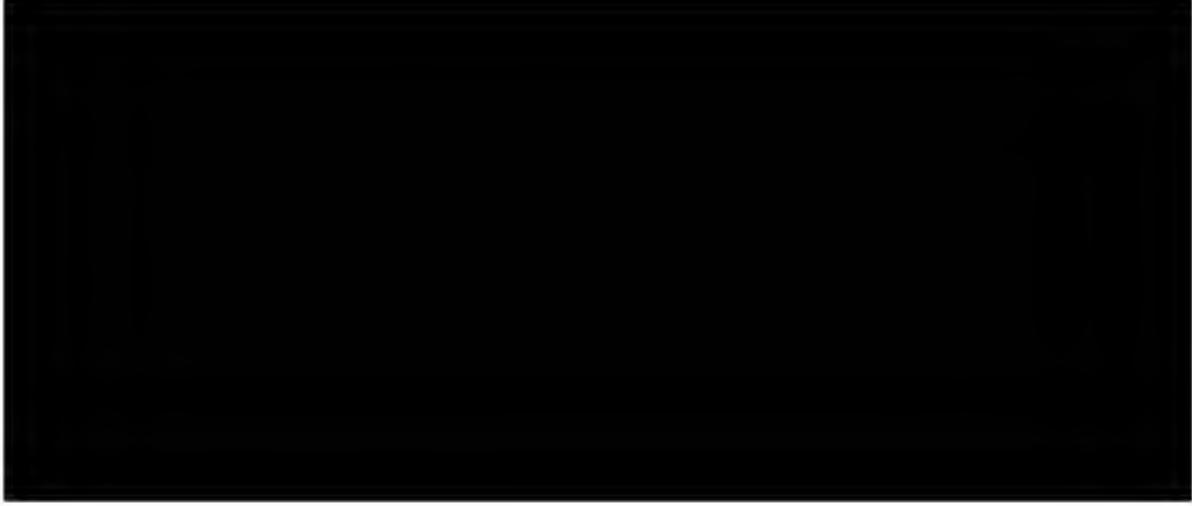
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spot inventories, and making spot checks of property in use to determine whether it was being utilized in accordance with regulations.

The Audit Staff audited all proprietary projects once each year with minor exceptions. In a few cases, the audit was postponed from one year to the next since satisfactory cover arrangements could not be made in time.<sup>2/</sup> Proprietary projects were audited by Agency auditors except when security or other reasons precluded.

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- 1/ Office of Comptroller, CIA Organization Charts and Functional Statements, Fiscal Year 1958 30 September 1956, SECRET, in Records Center Job 59-417.
- 2/ Memorandum for DCI from Chief, Audit Staff, through DD/S, 6 February 1956, Status of Audit Program for Calendar Year 1955, SECRET, in O/DCI/ER.
- 3/ Chief, Audit Staff, Answers, op. cit.

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The work of the Audit Staff continued upward during the period due to an increase in the number of stations and projects developed within the Agency and the fact that with improved training and enlargement of the Audit Staff the audit was extended into a more comprehensive type than it was earlier. The Audit Staff grew from an authorized strength at 1 January 1953 [REDACTED] to an authorized strength at 31 December 1956 of [REDACTED] With the adoption of the overseas program, rotation of personnel between Headquarters and the field became the established practice except where health or family conditions made it impracticable.<sup>1</sup>

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Statistics for Vouchered and Unvouchered Funds

Something regarding the magnitude of the accounting and auditing functions of the Agency is revealed by the statistics for vouchered and unvouchered funds during the period. These figures also show in a general way for what activities the Agency used its extraordinary fiscal powers.<sup>2/</sup>

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1/ Chief, Audit Staff, Answers, 6 January 1959, loc.cit.

2/ Figures for vouchered and unvouchered obligations and expenditures for Fiscal Years 1953 through 1956 are taken from Office of Comptroller, Congressional Budgets for Fiscal Years 1955, 1956, 1957, and 1958, SECRET, in Records Center Jobs 58-436, 58-437, and 59-417.

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During the period unvouchered obligations fluctuated but vouchered obligations rose steadily. Unvouchered



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For each fiscal year a larger proportion of obligations was unvouchered than of expenditures. The reason for this was the practice of making expenditures on a vouchered basis where security permitted even though obligations were unvouchered. Obligations would ordinarily be unvouchered for a project which was budgeted on unvouchered funds. Some of the expenditures for this project might be vouchered. The project might use some equipment from an inventory in a warehouse which the Office of Logistics obtained by using vouchered funds. For the Fiscal Year 1953, 74 percent of obligations but only 60 percent of expenditures were unvouchered.<sup>1/</sup>

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1/ The differences were less for the other fiscal years in the period but were present in each case. For the period as a whole, 72 percent of obligations and 67 percent of expenditures were unvouchered.

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The classification of unvouchedered obligations by object class for Fiscal Years 1953-1957 show fluctuations and some trends. The largest single item for every fiscal year was the item, "other contractual services," which went up and down during the period.

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object class included obligations for operational services rendered by international organizations, foreign contract agents, informants, private firms, and other governmental agencies. The amount of the item fluctuated with the fortunes of special projects and with releases from the contingency fund. It was high for Fiscal Year 1955 because of a number of costly emergency projects started that year. Obligations for personal services were the next largest item and these ranged from [REDACTED] 25X1A million dollars for Fiscal Year 1954 to [REDACTED] 25X1A dollars for Fiscal Year 1956. Vouchedered obligations for personal services increased at about the same rate during the period. Unvouchedered obligations for supplies dropped from [REDACTED] dollars for Fiscal Year 1953 to less than 25X1A dollars for Fiscal Years 1955 and 1956.

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